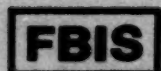


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WEST EUROPE REPORT

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PREPARATIONS TO DEPLOY PERSHING 2, CRUISE MISSILES BEGUN

Hamburg DER SPIEGEL in German 1 Nov 82 pp 24-25

[Text] A defense ministry paper proves that the construction work for stationing the new intermediate-range weapons has already begun.



The explosive paper, which Defense Minister Manfred Woerner inherited from his predecessor, had not been written by the chief of staff of the Bundeswehr, but by the department of lodging, real estate, and construction.

The new minister had requested a "problem analysis." The pedantic officials of Department U stated what the Social-Liberals had always denied to members of parliament and the public: The preliminary work for the deployment of 108 Pershing 2 missiles and of 96 cruise missiles in the Federal Republic started a long time ago despite the American and Soviet talks in Geneva about the reduction of medium-range weapons in Europe.

"Construction," says the confidential paper, "must begin in 1983 so that the deadline of March 1986 can be met." Therefore, wooded areas are already being cleared, soil samples taken, and ranges measured.

The officials in question wanted to give the minister only an oral report about the area where the 96 cruise missiles are to be placed. The reason was as follows: "If the locations become public knowledge, there will be protest actions. At present, steps are being taken to secure the areas."

A second document, this one prepared by the planning staff, reveals that strict secrecy was decided upon by the federal security council.

Construction for the 96 cruise missiles, as decided by the Social-Liberal coalition under Chancellor Schmidt had decided in the middle of the year was to be initiated, "under a cover name." The area--around Bitburg in Eifel--was not to be referred to by name publicly. Neither were the local and regional authorities, the mayors, district and regional government presidents to be given any information.

The security council permitted only one exception: Woerner's predecessor, Hans Apel, was instructed to verbally brief the prime minister of the Rhineland-Palatinate, Bernhard Vogel.

The concern of those in power, that it is impossible to keep secret the locations of the 108 Pershing 2 missiles, which can reach the Soviet Union. They are to be deployed where the older Pershing 1 missiles, whose range was only 750 kilometers, were stationed: in the vicinity of Heilbronn, Neu-Ulm, and Mutlangen near Schwaebisch Gmuend. The first parts for the changeover are to be delivered in April despite the still unsatisfactory results of tests conducted with the Pershing 2.

As stated in the report for the minister, the new weapon can be made ready for temporary use in the old sites. Nevertheless, it is necessary to construct new starting ramps, ammunition points, maintenance halls, and command headquarters. The exact words are "The Americans are pressing for completion by July 1984."

The basis for the American demand to create faits accomplis as quickly as possible is the 8 September decision of NATO's Special Consultative Group (SCG). "The decision to deploy at the end of 1983 must be carried out on time."

All German efforts, with the help of smaller allies, to avoid such definite deadlines and to gain time for the Geneva talks failed. The Americans, with English support, won: "The countdown has begun."

In the March meeting of the Nuclear Planning Group (NPG) in Colorado Springs, the SCG argued with one voice that the defense ministers themselves had welcomed the progress noted in the development of cruise missiles, the Pershing 2 missiles, and the "preparations for their deployment in Europe." This should not be undone.

The Americans made only one concession to their European allies: The construction work, they officially set down in writing, should not be regarded as "prejudicial for the stationing of the new weapons systems."

This is the argument that the members of the Social-Liberal coalition advanced when they were questioned in the budget and defense committees of the Bundestag about location and cost of the deployment of the new arms.

Social Democratic deputy Horst Jungmann, speaking in the defense committee, criticized the government's "secretiveness", asking, "Why are the British and Italian sites* being made public, but not those in our own country? If there are good reasons for a political decision, they need not be withheld." Apel justified himself by referring to the decision of the security council.

Jungmann's fellow social democrat Hojo Hoffmann warned in the budget committee against creating "facts" even before a "recognizable failure of the Geneva talks." There was "no financial or technical reason" for the Federal Republic "to hasten construction start in the next 2 years." Peter Corterier (SPD), then minister of state in Hans-Dietrich Genscher's foreign office, replied only that the preparatory work necessarily had "to begin before 1983."

Defense Minister Woerner is going to continue to maintain secrecy. He fears that the peace movement will demonstrate against building new missile sites and storehouses for nuclear weapons. In Bitburg and Pruem, a citizens' group has already formed that is calling for resistance: "Cruise missiles in the Eifel?--We say no."

In a leaflet of the Bitburg citizens' group Environment it says, "We are deeply disconcerted by the fact that plans for building new kinds of weapons are being made that are being concealed from the population affected."

No politician in any of the parties expects an agreement between the Americans and the Russians in Geneva to prevent the deployment of new missiles at the last minute. Neither Washington nor Moscow is willing to compromise.

The paper that the planning staff prepared for Woerner says pithily, "The beginning, the aims, and the substance of the negotiations have thus far proved irreconcilable." Neither the foreign office nor the defense ministry is working on plans for a solution.

(The map)
For the last battle
Federal Republic
Planned sites of the Pershing 2 cruise missiles

*In Great Britain: Greenham Common and Molesworth; in Italy: near Comiso, Sicily.

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CSO: 3620/74

GENERAL SEES LACK OF STRATEGIC, TACTICAL AIR TRANSPORT BY 1985

Paris DEFENSE NATIONALE in French Nov 1982 pp 59-67

[Article by Air Force Lieutenant General (Reserve) Pierre Delachenal: "Air Mobility and Deterrence: What Future for Military Air Transport?"]

[Text] In this article, Air Force Lieutenant General (Reserve) Delachenal examines what the needs in military air transport are, on the tactical level and on the strategic level, and the situation as it can be seen presently and in 1985, when it will be characterized by a deficiency in all areas. The problems are not only technical but also financial. It is therefore time for joint studies to be carried on by civilians and military in order to find the best technological solutions that will reconcile economy and effectiveness.

Necessity of Military Air Transport

The balance of terror resulting from the apocalyptic destructive capacity available to each of the two big nuclear powers has until now made it possible to avoid a world catastrophe by limiting their military interventions to indirect actions. This nuclear umbrella has not prevented "states of war" as diverse in their origin as in the nature of the confrontations from developing in many spots around the world, from the Falklands to Afghanistan, and ranging from subversive combat with salvaged rifles to massive engagement with the most modern weaponry.

These wars avoid all international means of control, which take a long time to exercise and the use of which entails too many political implications to make them rapidly effective.

It is in this threatening context that each state is led to do its own analysis, knowing that only a national will, with means available that are suited to its satisfaction, can enable it to ensuring the safeguarding of its nationals, protecting its economic interests and responding to the appeals for aid that may be addressed to it. France does not escape this situation, which has already led it to send to points sometimes very far away the means of assistance or intervention required by the situation of the moment.

Having started out on the nuclear path in 1958, it has built itself a deterrent force with three components: piloted, land-based ballistic, and submarine; and it then built tactical nuclear weapons, the ultimate expression of its will to defense before massive nuclear engagement against demographic targets.

But when megaton powers were reached, the maintenance of our nuclear forces' credibility in the face of a modernized threat required us, on the one hand, to harden and miniaturize our charges, and on the other, to increase the range and precision of our vectors, which has necessitated heavy additional investments.

Since the necessary credits were taken from within a military budget that had a ceiling, it was necessary to cut back the conventional programs, which have had to be reduced or spread out over longer periods. The Air Force has paid its share of the bill by taking it away from its programs--even though they were priority ones--for combat airplanes and by lowering its sights in the matter of transport to reopening of the Transall production line, without development of a new program.

Deterrence assumes a coherent group of nuclear and conventional means to ensure the safeguarding of the national sanctuary. But it also implies, in an international context dominated by actions of indirect strategy, the existence of means of action that enable France to respond to the requests for assistance that might be addressed to it.

These two missions necessarily entail the use of suitable means of air transport.

But our tactical transport fleet is decreasing numerically and we do not have any strategic-transport planes, which implies, in case of crisis, chartering civilian planes or calling on our allies.

While our combat planes refuelled in flight can indeed be deployed in a few hours to 6,000 or 7,000 kilometers from their base, the moving of ground intervention forces and heavy support materiel to the same places of operations cannot be provided for, in the same time spans, because of a lack of suitable means of transport.

This is a weakness in our defense that we must be aware of, for it has an effect on the credibility of our military power and consequently on our concept of deterrence, even if our nuclear-response capacity is ensured.

Military air transport can therefore be considered, in this regard, as one of the components of our deterrent force, and its future the subject of studies and planning, as is done for the combat forces.

The Present Situation

The present situation in military air transport is as follows today:

--some 100 Nord 2500's, put into service starting in 1954, that are closing out a brilliant tactical and logistical career, divided among training of crews, training of parachutists and various operational missions;

--48 Transalls, to which will be added 25 planes of the new series. The remarkable operational qualities of the Transalls, which arrived in their units in 1967, have been demonstrated many times throughout the world on the occasion of natural cataclyms or local conflicts, enabling France to ensure the survival of threatened populations and the safeguarding of its nationals.

But these 73 Transalls could not fulfill all of the missions required of military air transport, which does more than 50,000 hours of flying time per year.

Their use in place of the Nord 2500's will necessarily entail limitations, since they could not be used for low-tonnage transport, which would be very expensive, and grouping of loads so as to make transport of them more economically efficient would often be incompatible with the operational imperatives.

There will therefore be, starting in 1985, a need for tactical planes that will be all the greater in that the orders for Transalls will not be continued beyond the 25th one.

The case of the kind of transport described as strategic has not been solved either. True, the new-generation Transalls have been equipped with an additional 9,000 liters of fuel in center-section tanks as well as an in-flight refuelling system. Theoretically, their radius of action has no limit beyond the possibilities for providing refuelling planes and the crews' endurance in long flights. The experiment recently carried out by the Air Force with a direct nonstop flight to Guyane from France has demonstrated, in this regard, that a run of 7,000 km in 15 hours flying time constitutes a usable reference point.

Should it be concluded from this that the Transall meets the need for strategic transport?

The load carried on long runs will always remain small, which, for a large transport assignment, would necessitate several round trips and consequently long periods of time. Furthermore, in case of crisis, the personnel transported should be able to be available immediately and fully operational upon landing, which is hardly compatible with the discomfort of a flight prolonged beyond 10 hours.

Despite its new conveying possibilities that make it possible to fly 8,500 kilometers without refuelling, and the extension of its domain of tactical action well beyond the European theater for which it was initially designed, the Transall does not fill the strategic need. Strategic transport, in effect, implies heavy and bulky loads that can be moved rapidly to the proximity of the operational zone, from which point they are then redeployed or dropped by tactically oriented airplanes onto unimproved fields, without outside aid for loading and unloading. Only jet planes can provide such transport to very long distances, with suitable capacity estimated at about 30 tons per plane and within schedules that are compatible with the operational demands.

The general staffs of the armed forces and the Air Force have long been aware of this need and in 1964 sought unsuccessfully to purchase airplanes of the C-141 type. That plane is no longer on the market, and the studies done by the

Americans for the building of its successor, christened the CX or C-17, were recently abandoned in favor of starting up the C-5A production line again; but because of its size and price, that plane is well beyond the needs and financial possibilities of the French armed forces. The hope of a solution in buying from the United States must therefore be abandoned.

What other means is there for fulfilling this mission and coping with a crisis situation? The 11 C-135's of the strategic air forces, which are going to be re-engined with CFM-56's, are assigned exclusively to in-flight refuelling of strategic and tactical combat planes.

The Air Force's four DC-8's, used mainly by the nuclear-experimentation directorate, could carry out emergency transport missions, making it possible to move about 24 tons per plane to 6,000 kilometers. But while this capacity and radius of action can be considered satisfactory, the limited size of their fuselage makes it impossible to transport heavy and bulky loads, which also require suitable service equipment for unloading.

When an event necessitates rapid transport of large volumes of equipment, the approach taken is therefore the chartering of civilian airplanes. This approach offers the advantage of being able to choose the type and number of aircraft necessary, without the permanent expense of them; but on the other hand, it presents numerous disadvantages connected with execution of the mission by civilian crews who are not obliged to agree to transport certain types of materiel or depart from the rules in force in civil aviation regarding navigation or landing; and these factors can go so far as to jeopardize the mission. On the other hand, the periods of alert, which can last a long time, entail expensive immobilization of the aircraft and harmful disturbances of the airline companies' programmed flight schedules. Finally, certain operations may require great secrecy, which is incompatible with the public chartering procedures.

It is obvious that the armed forces will never be able to have the potential available that is sufficient for covering all of our needs, and that is why a renunciation of this exceptional procedure cannot be envisioned; but the permanent placing in service, by the Air Force, of a minimum of its own means, on the order of four to six planes, immediately available in case of crisis, would enable it to avoid calling on civilian airplanes except after the conclusion of the initial transport of materiel and personnel, which would be done by military airplanes.

The civilian airplanes required for massive transport of personnel could be returned to their users immediately afterward, with maintenance and logistical support of the means transported subsequently provided by military planes.

Solutions?

Insufficiency of tactical-transport means, absence of military strategic-transport means: such will the situation be in 1985. In what direction can the short-term solutions be sought--that is, starting in 1985--and the long-term ones--that is, in the years 1995-2000--which, in view of the time needed for

carrying out a program--i.e., about 10 years--implies that initial studies should be done in the coming 3 years?

Budgetary reality imposes, in the short term, simple and economical solutions that can only consist in the purchase, off the shelf, of materiel that is in the process of manufacture and with operational adaptation, which would doubtlessly entail some insufficiencies but would avoid the considerable financial weight of the development of a program.

The tactical airplane of 4-ton payload will exist in 1985 in its civilian version with a range on the order of 2,000 km. It is the Franco-Italian plane ATR-42. Developed and financed in answer to the civilian market's need, it could be ordered either in its normal version or in a rear-ramp version that has been designed from the start to meet certain specific civilian or military needs.

The strategic airplane capable of transport of heavy loads to a distance of 6,500 or 7,000 kilometers will also exist in 1984: the Airbus A-300/600, capable of moving loads on the order of 30 tons to those distances.

This plane can be equipped with an autonomous loading system making it possible to lift loads that can weigh up to 13 tons to a side door 6.8 m wide and 2.56 m high. Using the same maintenance system as its predecessors, this modern version of the Airbus family would benefit from the technical support that is already in place in the world and that has had occasion to prove itself, thus simplifying its use and guaranteeing its availability at any point on the globe.

It could also, if necessary, be equipped with the in-flight refuelling system so as to make it capable of accompanying combat planes, which would make it a multipurpose airplane.

Since these two planes--the ATR-42 and the A-300/600--are to be available on the market within 3 years, the time needed for purchasing them would be roughly identical to that for civilian orders, and the military adaptations could, for the most part, be done on the assembly line.

But if it is desired to have available, at the end of the century, a transport plane meeting the needs of the time in terms of cost and effectiveness, it is necessary on the one hand to carry out an analysis of these needs as they can be envisioned, and on the other hand, to make an inventory of the research, studies and technologies that could at that time lead to operational applications.

Such studies and research have been carried on steadily for civilian transport planes. They relate to aerodynamics, with the support of computer-assisted design; generalized active monitoring; electrical controls; modern cabins with cathode-tube synthesizers and head-up displays; composite materials; navigation systems; high-performance propellers, etc.

Working methods have also evolved, with integrated teams that make it possible, from the beginning of a program, to keep the people responsible for design,

production, after-sales service and selling prices in association, with the common and constant concern to keep costs down and improve performance.

The commercial successes achieved in the tough competition for the airline-company customers, whose exacting requirements are exacerbated by their growing financial concerns, have been at the cost of this effort, which will be kept up. That is why heavy investments have been made in both people and equipment. Couldn't they also serve to aid the Air Force in the studies that it could undertake on a future program that would benefit from all the results thus achieved, making it possible to catch up on the lag that exists in the area of performance, equipment and costs between civilian airline planes and military transport planes?

A joint study on subjects such as range, the nature of the airfields used, performance characteristics, volumes available, payloads, operational costs, readying for use, availability, maintenance, etc, should make it possible to select the parameters of shared interest and give each of the partners the benefit of the other's experience, within an overall civilian and military policy, making use of the instrument for reflection already worked out under the aegis of the permanent strategic-studies group.

Thus, even in the absence of any launching of a program, a model of airplane could gradually take shape in people's minds, with perhaps the appearance in the long run of a compromise formula common to all of the users.

The Future of Air Transport

France's policy of independence obliges it to equip itself with the means for its freedom of action, and in this regard, military air transport has today become one of the basic elements of our national defense, both for protection of French territory and for assistance to overseas countries. The insufficiency of its means is all the clearer in that they are decreasing at the time when the need for them seems to be increasing.

Without calling into question the priorities of defense, which range from nuclear weaponry to combat airplanes, the moment has come to pose the problem of the future of military air transport. An initial deadline is approaching in 1985 with the retirement of the Nord 2500's, which comes on top of the insufficiencies of our strategic means of transport. If it is desired to remedy this situation, the national market is in a position to furnish airplanes that are being built, meeting these tactical and strategic needs at least partially.

The long-term future would require studies carried out jointly by those responsible for the civilian and military programs, with a search for the modern technological solutions best-adapted to the shared concern for economy and effectiveness.

It would be imprudent to deprive ourselves of this possibility and to discover too late that the airplane we will need in 1995 is available only abroad.

RAF MEMBERS ARRESTED, WEAPONS, DOCUMENTS SEIZED

Hamburg DER SPIEGEL in German 15 Nov 82 pp 130, 133

[Article] "Guns in the Woods"]

[Text] Following a long investigation, detectives made quite a catch with the arrest of Brigitte Mohnhaupt and Adelheid Schulz, RAF terrorists.

Near the little town of Heusenstamm, south of Frankfurt, one could hardly see the forest because of the large number of policemen. Antiterrorism specialists from the GSG 9 and officials from Hesse's Mobile Special Commando were patrolling the woods disguised as strollers. Around the clock they were watching the spot where a plastic box had been discovered at the end of October.

On Thursday last week, around 1500 hours, the time had come. Two women carrying a machine gun in a watertight wrapping were approaching the spot where the box had been hidden. They were overpowered so quickly that they were not able to draw their Colts.

Herbert Tolksdorf, vice president of the Federal Criminal Police Bureau, reached into the past to describe the moment. "We remember that from the war. If you suddenly look into the muzzles of several guns, there is little you can do."

Operation "Squirrel" had been a success: At that moment Brigitte Mohnhaupt, 33, and Adelheid Schulz, 27, were arrested; they had been on the wanted list for a long time: leaders of the Red Army Faction (RAF) who were said to have participated in several terrorist acts, including the kidnapping and murder of Han Martin Schleyer, president of the Employers Association.

The box which became the downfall of the two was not the only thing that was found by the criminal police. According to the Federal prosecutor: "Following the discovery of the first dugout, we continued our search and came upon others." Officials of the Federal Criminal Police Bureau (BKA) could "hardly believe their eyes" when they saw all those things that came to light.

Among the hidden items were weapons, large amounts of paper money, automobile license plates and forged passports. The identification papers contained photographs of prominent RAF members whom the BKA has been hunting in vain for years: Christian Klar, Inge Viett, Henning Beer and others.

The catch in Hesse and the subsequent arrest of a few other suspected marginal figures confirms the trend which has been noticeable for some time: a gradual shrinkage of the West German guerrilla scene which during the middle of the 1970's announced the "war in the metropolitan areas" with spectacular cases of murders and kidnappings. The escalation came in 1977, with the murders of Buback, chief Federal prosecutor, Ponto, a banking executive, Schleyer, president of the Employers Association, and many of their security personnel and bodyguards--for a while it determined the political climate in the FRG.

But little is left of the former RAF style. Federal Criminal Police Office predictions--former BKA Chief Horst Herold said after the Buback murder: "We catch all of them"--are gradually being fulfilled. In the meantime, the former "hard core" hunted by the police has

--died in prison, like Ulrike Meinhof, Gudrun Ensslin and Andreas Baader,

--been sentenced, like Karl-Heinz Dellwo, Knut Folkerts, Guenter Sonnenberg or, just last week, Rolf Heissler,

--left the guerrilla scene, like Hans-Joachim Klein or Susanne Albrecht,

--been shot and killed during the arrest, like Willy Peter Stoll or Elisabeth von Dyck.

There are still approximately 20 persons on the wanted list of primary RAF suspects--a remnant corps that has not only been depleted in quantity but probably also in quality. Since the arrest of Brigitte Mohnhaupt and Adelheid Schulz, the remnant is following Christian Klar and Inge Viett, who are still at large.

As far as the Federal prosecutor's office in Karlsruhe is concerned, last week's discoveries by the police represent a "considerable penetration into the logistics of the RAF." Among the confiscated items were dynamite, hand grenades, 18 firearms--including the weapons used in the Ponto and Schleyer murders.

At least 353 forged identification cards were found with recent photographs of almost all RAF persons on the most wanted list, also U.S. military identification papers, a large number of automobile documents, drawings of prisons, police stations, individual criminal police agents and politicians as well as of Israeli establishments and those of the United States in the FRG.

In addition, DM 54,000 was found. The money had been stolen in the middle of September during a bank robbery in Bochum by "three blond women" (according to witnesses). The holdup was a signal that the RAF was again operating in the FRG. It had moved abroad because of the pressure from police searches and actions.

The women wore scarves over their faces when they entered the savings bank in the morning. While two of the culprits took more than DM 100,000 from the cash register, a third one, possibly Adelheid Schulz, was following the procedure with a stopwatch. Finally she said: "Stop, 5 minutes are up, we leave."

The three women fled in an Audi 100, a young man was driving the car--probably Christian Klar, a fingerprint was later found.

Adelheid Schulz, Klar's girlfriend, is one of those RAF suspects who was able to evade police agents again and again. A spectacular search action ended in failure in the Odenwald. Adelheid Schulz was carrying out helicopter flights with Christian Klar over the FRG. BKA agents were able to photograph her but she was not arrested.

Gerhart Baum, the then minister of the interior, tried to cover up another failure. At the beginning of 1980, Hamburg's Land Office for the Protection of the Constitution had wiretapped several conspirative RAF apartments and in the process found itself in the middle of the scene which was frequented by Christian Klar and Adelheid Schulz.

Subsequently both of them were tailed constantly. When they traveled by Intercity train, the Hamburg Protection of the Constitution sat in the dining car with a camera hidden in a briefcase, taking pictures of Adelheid Schulz toasting her companion Klar with a champagne glass.

All this time the BKA had been kept in the dark about the particulars and the Federal prosecutor had not been informed until it was too late. The consequence of waiting too long: one day the Schulz/Klar couple was gone.

Brigitte Mohnhaupt, Schulz' companion, formerly a student of history and journalism, has been living in the underground since the early 1970's, first in Munich, then as a leading RAF figure in Berlin and Hamburg.

In 1974 the West Berlin District Court sentenced her to 4 and 1/2 years in prison for membership in a criminal organization. Her name was on the list of prisoners to be released when the "Commando Holger Meins" attacked the German Embassy in Stockholm in 1975.

In 1976, while serving her prison term, she appeared as a witness for the defense in the RAF trial in Stuttgart-Stammheim and she talked candidly about Baader's and Ensslin's tactics and strategies during the beginning phase.

Bomb attacks on the U.S. headquarters in Frankfurt and Heidelberg were violent acts for which she later claimed explicit responsibility: "We are all responsible...for the attacks on the headquarters."

As Gudrun Ensslin's cellmate in Stuttgart-Stammheim, Brigitte Mohnhaupt evidently acquired all conspirative information on hideouts, helpers and international connections of the RAF. When she was released in 1976, she sought

contacts with the cadres of the RAF attorney Siegfried Haag, who was planning assassinations with his friends and also preparing "big rescues," the big liberation strike for the imprisoned RAF leadership.

In Yugoslavia, police agents assume, Brigitte Mohnhaupt later established logistic contacts between the PFLP, the radical Palestinian organization, and the RAF which enabled them to carry out an entire series of assassinations in the FRG.

In 1978, when Brigitte Mohnhaupt and her companions were arrested in Zagreb on the basis of tips from the Federal Criminal Police Bureau, pressure from the Palestinian PFLP led to the fact that they were given Yemeni passports and released. In Aden the fugitive, whom the BKA calls the "mastermind of the RAF," was living in the house of PFLP residents. BKA agents were able to take pictures of her and even secured a champagne glass with her fingerprints after a party.

BKA analysts assume that RAF members had established logistic posts in Vienna and the Salzburg area from PFLP bases in Yugoslavia and that Brigitte Mohnhaupt was pulling the strings there too.

A Honda motorcycle which had been stolen in Darmstadt, an "XL 500 Enduro!" and which had been left behind after an attack in Ramstein as well as a light green Audi that had been stolen in Giessen and abandoned in September 1981 in Heidelberg after the rocket attack on U.S. General Kroesen, showed remnants of Austrian license plates. A fingerprint belonging to Brigitte Mohnhaupt was discovered on the rear license plate of the Audi.

The BKA received information, according to which Brigitte Mohnhaupt is to have smuggled the rocket into the FRG by way of Lebanon, in the luggage of an Arabic diplomat.

To date the attack on General Kroesen has been the last spectacular RAF attempt to attract attention to itself through a violent act. Police agents as well as experts on the milieu realized already at that time that the terrorist group was losing its criminal force and that it had become a politically isolated group on the left scene. The RAF remnants were increasingly occupied with themselves.

The weakness was a result of its structure, an underground organization which was well-known, including the composition of its membership. Not only weapons, passports and money had to be procured through conspirative efforts but also sleeping facilities, utensils for disguises and general supplies; nevertheless, in view of the constantly improving, highly effective investigative techniques of the BKA, major operations like the Schleyer kidnapping--which require a substantial logistic substructure--were in the end practically impossible.

The most recent RAF strategy papers--a coauthor was Adelheid Schulz, who in the meantime has been taken into custody--contain appeals that are practically pleading for support. At any rate, an attempt to merge with the competing "Revolutionary Cells" (RZ) also failed.

The cells, who have been operating from legality and who are therefore mostly unknown to police agents, have for years been labeled harmless "leisure time terrorists"; they refused to cooperate with the RAF because in their opinion the structure of this underground organization is outdated and only represents an extraordinarily high risk when it comes to police searches. Self-confident "Revolutionary Cell" members occasionally even make fun of their RAF pals, calling them "grandfather guerrillas."

Even the Red Army Faction itself does no longer entertain any illusions about the brush-off which it experienced when it tried to move closer to the "legal group." "The fact is," the most recently strategy paper states, "the result will be that even the simplest future steps cannot be undertaken."

8991

CSO: 3620/86

FRANCESCHI ON TERRORISM; POLICE POLICIES, BENEFITS

Paris L'UNITE in French 5 Nov 82 pp 8-9

[Interview with Joseph Franceschi, secretary of state to the minister of interior responsible for public security, by Emmanuele Plas; date and place not given]

[Text] Even before the police budget came before Parliament for discussion, L'UNITE asked Joseph Franceschi, secretary of state responsible for public security, what means he had at his command to carry out his task. The secretary of state also answered our questions on the antiterrorist fight. In this domain, a coordinating structure has already been set up, both at the ministerial level -- the Antiterrorist Council meets once a week -- and in the field (every day, the Antiterrorist Liaison Office brings together specialists in intelligence and antiterrorist action). A central index on terrorism, the proposal for which is now being submitted to the National Information and Freedoms Commission, should centralize data on terrorism in the possession of all police departments. Established within the Central Judicial Police Directorate, a central office to control trafficking in arms and explosives will bring together all information gathered on weapons trafficking. The visa system will be extended -- to Latin American countries, first of all -- as will the strengthening of border inspections (20 squads have been added to the 15 already existing), making it possible to wage a better fight against international terrorism.

Finally, in his budget proposals, Joseph Franceschi included the establishment of an additional 2,280 openings for police officers. These new posts join the 6,241 created in 1982, following the 1,000 added by the extra credits in the 1981 budget. It is an exceptional effort on the part of the leftist government, whose secretary of state explains here its determined policies.

[Question] In your opinion, why did the president of the republic appoint a secretary of state for public security and why did he choose you, Joseph Franceschi, mainly known for the action waged on behalf of the aged?

[Answer] The security of all French people has always been and still is a prime concern of the president of the republic. Confronted with threats of all kinds, from occasional delinquency to major crime or organized international terrorism, he wanted to strengthen action by naming a person who could

devote all his time to the task. It is a decision of great importance and broad scope, no matter who is chosen for the mission.

The fact that he chose me made me very proud, because I viewed the event as an importance mark of confidence on the part of the chief of state, for whom, as everyone knows, I have great and affectionate admiration. Every elected official, every politician, works on complex problems and must be interested in all sectors. The confidence which the president of the republic has in me did the rest.

With respect to the aged, I would like to add that they still have a privileged place in my heart. When I was responsible for their living conditions, I went about the task relentlessly, in order to improve their resources, so that the establishments where they live are increasingly better adapted, so that their place in our society might be better recognized. I shall not forget them and with full respect for the powers of my successor, I continue and shall continue to plead their cause. Furthermore, matters of security affect them in particular. I am determined to vigorously attack the cowardly, base violence done to them by certain occasional or professional criminals.

[Question] What means do you have to ensure the security of the French people and what more do you need?

[Answer] I have been put at the head of all police departments and services and I ensure close cooperation with services under other ministries and that have to do with the public peace and order.

So much for the administrative question. With regard to personnel, materials and equipment, an unprecedented effort has been made by the government compared with previous measures and the response my additional requests to ministers and members of Parliament have had, despite our current economic difficulties, is encouraging.

As for the events that we must prevent or eliminate, it is obvious that we are not and will never be -- as in the case of any other country -- totally certain of being able to foresee and prevent any attack or act of violence. But we are stubbornly working to increase the effectiveness of our action with regard to prevention and punishment.

[Question] The murder of the Choisy-le-Roy jewelers and the reactions of merchants in that city have again shown that what is called "the new crime" particularly worries the French. How do you intend to reassure them?

[Answer] This phenomenon of the "new crime" is not in fact new. It took a particularly odious and cruel turn in Choisy-le-Roi. It is the increased effectiveness of the police that will reassure our fellow countrymen. And if I am to believe the latest polls, the French people do have confidence in their police. I shall continue to strengthen their resources and improve relations with the people. Police officers must be irreproachable in their conduct and attentive to the concerns of our citizens.

People must understand that security and public tranquillity are the business of everyone. I ask them, not only not to get in the way of police action, as has happened, but to help them. Everyone has a role to play in defending society.

[Question] Petty crime, crime in our daily lives, particularly in the big cities, has been on the rise in recent years. Do you believe that repression and an increased number of police officers can solve the problem?

[Answer] It is true that in the past 20 years, there has been an increase in this type of crime. That is what worries citizens the most.

But we must know that punishment is not necessarily the best solution, that prison can become a school for crime.

The effort must therefore be made in the direction of prevention, of social prevention in the broader sense, first of all. Elected officials are looking at living conditions in the ghettos and experiments with summer camps for young people from the suburbs of Lyon and Marseille, for example, have been very positive and have yielded excellent results.

Next, we have police prevention by deterrence. This action is twofold: The first aspect is the development of the practice of beats and increasing the presence of police in the heart of the city. In this connection, I have aimed part of the budgetary efforts at the reservation of social housing for policemen on duty, in construction and renovation programs. The integration of police officers into the daily life of the population is an important factor in security.

The second aspect, linked to the preceding one; is a beefing up of police means and personnel. It is a prime objective for me. In 18 months, we have increased police personnel by 9,400. This extraordinary effort exceeds the one made during all of the preceding 7-year period. As for means, I have allocated substantial additional credits in order to improve personnel equipment with respect to individual protection (bullet-proof vests, and so on) and means of intervention (weapons, vehicles, and so forth).

[Question] Let us now turn to terrorism, particularly international terrorism. Does France have any chance of not becoming a place for the settling of accounts between all kinds of nationalist secret services?

[Answer] France is not safe from international terrorism, any more than any other country is. What people must realize is that we use and shall continue to use every possible diplomatic, judicial, police and other means to prevent our country from becoming the battlefield for foreign factions and so that civil peace will no longer be threatened by all kinds of designs.

[Question] As for national terrorism, can you tell us, without betraying secrecy, if it is limited to a few men, a group, or if it goes farther than that, and whether that terrorism is linked to international terrorism? Can you tell us the results you have obtained in this field?

[Answer] It is not the nationality of the terrorists that makes the distinction between domestic and foreign terrorism, especially since, as everyone knows, the links between them are close and there are ideological and logistical "bridges."

And yet, in general, domestic terrorism has to do with purely national stakes (the independence of Corsica or Brittany, the fight between the symbols of "big capital" for the extreme left and racism for the extreme right).

This form of terrorism is relatively weak in France if one compares our country with its neighbors (Great Britain with the Irish problem, Italy with the Red Brigades, the Federal Republic of Germany with the Baader Gang or the Fraktion Rota Army).

Furthermore, it is a type of terrorism that one can fight more easily because the government can take the sting out of the movements by taking the proper political measures and because the police have more information on the possible authors of violence, who live within the territory, which is not the case with international terrorism.

[Question] Even before 10 May, the police felt they were "not popular" with the French people. In your opinion, has the situation changed?

[Answer] It is true that there is such a feeling. I am convinced that it is changing. I have already said that I wanted to bring the police and our fellow citizens closer together and I am trying.

I would like to remind you that the police also felt very neglected under other governments, especially with regard to the status of police officers.

The leftist government has taken these problems seriously and, in addition to the means I have already mentioned, very important measures have finally been taken. I have announced the following:

1) included in the extra budgetary credits for 1982 is the provision to pay the widows of police officers killed in the line of duty 100 percent of the reversionary pension. It was actually time to mark the country's support for persons falling victim to their duty.

2) inclusion in the 1983 budget the first phase of integration of the indemnity special provisions for police officers in figuring their retirement. This very important social measure (with the indemnity representing 20 percent of the salary) was awaited by personnel for nearly 20 years.

I could also cite the representation of retired police officers on the National Committee of Retired Persons and the Aged, the establishment of (national and regional) hygiene and security committees and the establishment of a training charter. Concerning the latter, I wish to state that it is both the expression of needs directly stated by personnel and the manifestation of a common will for improvement coming from all active police administrations.

It is through the mutual respect of police and citizens that we shall make progress. I want the people to like their police. I want the police to be perceived by the citizens as their protector and I want confidence and good feelings to reign between them.

11,464

CSO: 3519/122

ANTI-TERRORIST COORDINATING MEETING HELD IN GYMnich

Athens OIKONOMIKOS TAKHYDROMOS in Greek No 42, 21 Oct 82 pp 23-24

[Excerpts] The ministers of Interior of France, West Germany, Switzerland, Italy and Austria met in a super-secret meeting on Thursday, 2 September in Gymnich, a small town near Cologne. The reason for this meeting, which was particularly significant, was the recent terrorist acts in France as well as the PLO evacuation of Beirut. According to the ministers of Interior of the five countries, which are also part of the "Vienna Club," international terrorism is going to escalate in the countries of Western Europe with the main targets being France, West Germany and Italy. According to the West Germans, the withdrawal of the PLO from Lebanon, will give new support to the enemies of Yassir Arafat and especially the brutal Abbu Nidal and his group of murderers. On this subject, the West Germans called attention to a typical interview of PLO officials in the SUNDAY TIMES in which it is emphasized that Abbu Nidal will again begin his terrorist activity, this time in behalf of Iraq. The base of Nidal's murderers will be the Ramdi training camp near Baghdad where there are already 200 men in training (ed. note: this is a euphemism). The immediate target of the underlings of the Palestinian arch-murderer is "to eliminate the attraction of the PLO fighters and to sully their great moral victory after the events in Lebanon." In this context, France, at the Gymnich meeting, proposed that special efforts be made to eliminate the existing networks in London, Paris, Vienna and Brussels, which are charged with assisting the "work" of Abbu Nidal's assassins.

"The evacuation of Beirut, " said a West German official, "constitutes a serious threat because the leftwing and rightwing terrorists have lost the bases they had in Lebanon and have been scattered. In Vienna, we believe that many members of the 'Red Army' have joined Abbu Nidal's groups and we expect them to begin soon to hit businesses and individuals connected with Israel and with Israeli interests. Lately, left extremists have been very quiet and this makes us uneasy. We are sure that they are planning something spectacular in Germany. We expect attempts to be made against high-ranking officials, large companies and against American targets. We also have the problem that the terrorists have persuaded certain naive officials of public organizations to give them assistance. This makes things even more difficult."

Another significant aspect of the meeting of the French minister of Interior, Mr. Gaston Defferre with his colleagues; Gerhart Baum of West Germany; Virginio Rognoni of Italy; Kurt Furgler of Switzerland and Haffner of Austria, was the confirmation

that the two most important bases of international terrorism are Yugoslavia and the USSR. In the meantime, with regard to Marshal Tito's country, the five ministers agree that it shows tolerance towards terrorists, but does not direct them. As for the USSR, however, the findings, according to the data obtained, were much more frightening. They proved right those who, for years now, have been proclaiming Moscow's guilt in international terrorist activities.

Under these circumstances and before a series of impressive data, the representative of Socialist France, Mr. Gaston defferre, decided upon close cooperation with the other members of the "vienna Club" in order to combat terrorism more effectively and under new premises. "Now that France shows that it prefers to be logical," stated a German reporter, "the 'Vienna Club' will be able to put in operation the most effective international intelligence system a man can imagine. In this manner, information between Bonn, Paris, Rome and Vienna will circulate with impressive ease and data, which few people can imagine, can be assembled. On the other hand, we believe that the close cooperation between the French and West German intelligence services will confirm the words of French president, Mr. Francois Mitterand who said, 'We will take the fight to the sanctuaries of international terrorism.'" Austria, for political reasons mainly, was an exception in the context of cooperation of the intelligence services of the "Five." While the Austrian minister of Interior recognized the fact that Vienna is the epicenter of the pro-communist Palestinian terrorism, he expressed certain reservations as to whether the intelligence services of the other members of the "Vienna Club" could operate in his country. This fact displeased Mr. Defferre who had recently asked permission for his intelligence units to follow a very hot trail into Vienna without receiving a positive response.

At the same time, from the reports we have obtained, the five minister-members of the "Vienna Club" had problems with the attitude of their fellow ministers of Justice who place certain limitations on the anti-terrorist fight, limitations which constitute a guarantee for democracy and civil rights. "This point," Mr. Gaston Defferre stated, "is delicate and perhaps will put me in opposition to my colleague, Mr. Badinter, a fact which creates a moral conflict in the entire matter..."

Moral or not, it is a fact that the specter of terrorism is hanging over Western Europe and is aiming, first and foremost, at its very democratic institutions. Those institutions, which, thanks to its tolerance and its pluralist constitutions, allows ideological gangsters and the "mafiosi" of dialectics to kill, in a cowardly and illegal way, exactly as Fascism did. However, this is another vast subject which has nothing to do with this particular, exclusive report.

What Is The "Vienna Club"

The "Vienna Club" was organized in 1978 on the initiative of the Swiss government which had, at the time, called for a meeting of Austrian, Italian, German and French specialists on matters of security. France joined the "Club," though, after the election of President Francois Mitterand because his predecessor, Mr. Giscard d'Estaing, did not want to "jeopardize the independence of his country's police." The "Vienna Club" meets twice a year and exchanges experiences and information. It must also be noted that the Gymnich meeting constitutes a significant development for the role of the "Club" whose aim is to lay the foundations to combat international terrorism beyond certain legal, political and perhaps legislative limitations.

For the five countries-members of the "Club," the end--which is the demise of terrorism--justifies the means. It is also emphasized that the meeting, to which we have already alluded, took place under exceptional secrecy and strict security measures. Thus, the tower of Gymnich, southwest of Cologne, was converted into a veritable fortress. Finally, there has been no official announcement regarding the meeting.

9731

CSO: 3521/61

TERRORISM

GREECE

BRIEFS

SECURITY POLICE CAR DYNAMITED--Dynamite planted in a car belonging to Nikos Belibasakis exploded at 3.30 a.m. on Friday, completely destroying the vehicle and shattering the windows of homes within a 50 metre radius. The motorcar belonged to the first lieutenant of Chania's Security Police in Crete. Investigations into the case are continuing. [Text] [Athens ATHENS NEWS in English 31 Oct 81 p 6]

CSO: 3500/306

BRIEFS

STATISTICS ON IMPORTED FUEL REPORTED--Crude oil imports decreased by more than 13.3 percent during the first 9 months of the year. Total imports were 98,657.2 tons compared to 113,905.6 tons the same period last year. The cost of imported crude oil this year is nearly 187.4 million krona compared to 170.5 million krona for the same period last year. The increase in cost over last year is 9.9 percent. Imports of gasoline fell by 9.55 percent during the period in question. Imports have been 155,997.2 tons during the same period last year. The cost increased between the years by almost 27.8 percent, from more than 325.8 million krona to more than 416.2 million krona. Benzine imports increased by nearly 14 percent during the year. During the first 9 months of the year 73,203.6 tons were imported compared to 64,237.7 tons during the same period last year. The increased cost between the 2 years was 68 percent. This year the cost of benzine imports is more than 250.3 million krona compared to 148.9 million krona the same time last year. There has also been a great amount of change in imports of jet fuel. During the first 9 months of the year 36,708.9 tons were imported compared to 29,295.5 tons during the same period last year. The increase between the years was more than 25.3 percent. The increase in costs between the years was nearly 80 percent or from more than 67.44 million krona to nearly 121 million krona. Imports of aviation gas decreased considerably during the year. During the first 9 months of the year 774.3 tons were imported compared to 2,191.3 tons during the same time last year. The decrease between the years is thus nearly 65 percent. The decrease in costs between the years is 54.6 percent. The cost of imports this year is more than 3.85 million krona compared to more than 8.49 million krona last year. [Text] [Reykjavik MORGUNBLADID in Icelandic 11 Nov 82 p 48] 9857

CSO: 3626/11

BRIEFS

ENERGY CONSUMPTION DROPS AGAIN--Energy consumption was 3 percent lower during the first 6 months of this year than for the same period last year. Oil consumption dropped 9 percent, while the use of district heating and electricity increased by 10 and 6 percent, respectively. These figures are from the Central Bureau of Statistics. The total consumption of energy by industry was 4 percent lower during the first 6 months. Oil consumption dropped by just over 10 percent, while electricity usage remained unchanged. The decline resulted from the low productivity of several branches of industry, especially within the pulp, paper, and paper goods industry. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 1 Nov 82 p 6] 9336

CSO: 3650/42

DETAILS ON COMPROMISES TO GET AUSTERITY BUDGET REPORTED

Stockholm SVENSKA DAGBLADET in Swedish 3 Nov 82 p 4

[Article by Per Sabroe]

[Text] Copenhagen--The nonsocialist four-party government pushed a cutback program through parliament by reaching a compromise with the Progressive Party and the Radical Liberal Party, but only after long discussions.

Three billion kroner in subsidies to the counties and municipalities will be eliminated. These savings are part of the 18.6 billion Danish kroner in cuts in the 1983 budget deficit.

The Social Democratic government which resigned in September had attempted unsuccessfully to reduce the deficit, which is estimated at 50 billion.

The cutback program was approved only after a major effort by the government. The Radical Liberal Party demanded that some of the cutback measures be reported and the Progressive Party came up with additional ideas for cutbacks.

The Radical Liberal Party was promised that the government would not recommend higher daycare costs. The government also promised that cutbacks in education would not cause teachers to lose their jobs.

The Radical Liberals successfully proposed ideas for additional cutbacks so that 3 billion could be saved.

The Progressive Party convinced the government to include regulations granting lower subsidies for ambulance services, less restrictive pollution legislation with regard to sewage from vacation homes, fewer conventions for public employees, and higher prices at cafeterias for municipal employees, where sandwiches often cost as little as 1.50 Danish kroner.

9336

CSO: 3650/44

SAARLAND STEEL CRISIS WORSENS, MASS UNEMPLOYMENT FEARED

Hamburg DER SPIEGEL in German 8 Nov 82 pp 67, 69

[Article: "The Limit Has Been Reached"]

[Text] In spite of new state subsidies, the existence of the Arbed Saarstahl Company can no longer be guaranteed. The Saarland is threatened by mass unemployment.

The entire matter no longer has anything to do with market economy, Otto Graf Lambsdorff, FRG minister for economics, said when he was lecturing to the cabinet on Wednesday last week. Gerhard Stoltenberg, minister of finance, agreed.

But when other members of the government also wanted to voice political concerns during the discussion on aid for the ailing Arbet Saarstahl Company, the chancellor intervened. To be sure, Kohl said, everybody could register his objections. But everybody was of the same opinion anyway and the time was limited.

Juergen Krackow, the head of the enterprise, had informed the Federal Government at the beginning of October that Saarstahl needed additional subsidies by the middle of this week to pay outstanding bills. Otherwise bankruptcy was unavoidable.

To be sure, last week the government approved DM 75 million as a stopgap loan for Saarstahl. But even after the cabinet resolution it is questionable whether the enterprise--it employs 20,600 people and is the second-largest employer in the Saarland--will survive this year.

Caught up in the worldwide steel crisis, the enterprise will need DM 230 million in public funds by the end of the current year. And the Saarland subsidiary of Luxembourg's steel concern Arbed already gave notice that it will need an additional DM 500 million by 1985.

The enterprise is one of those that have received sizeable subsidies. Since 1978, DM 2.2 billion has been poured into an industry which has little chance of survival in view of worldwide excess capacities. Even in Lambsdorff's opinion, "the limit has been reached." Now Bonn is attaching strict conditions to additional allocations.

"Without massive contributions by all participants," the minister for economics explained, "there will be no more public funds." In the view of the Kohl government, austerity measures proposed by banks, by the concerns parent company in Luxembourg and by labor unions are not enough.

On Friday the week before last, a new concept for saving the enterprise was submitted by Krackow, its manager, during a meeting with Lambsdorff and Stoltenberg. Accordingly, the hours of 5,500 workers are to be reduced until 1985; during the next 3 years Krackow wants to eliminate 1,200 jobs each through early retirements and compensation.

But it will not be enough to remove the acute state of emergency. In 1983 the company will be short DM 323 million.

Emmanuel Tesch, the president of the Arbed Concern who had arrived to join the meeting, conceded that the parent company would be willing to lend some assistance. But no concrete agreements were reached. Last week the Federal Government was still waiting for a commitment. There is also no assurance that the banks will forego the interests on their loans. Lambsdorff feels that "everything is still a big question mark."

The Federal Government, however, made it clear that additional aid will only be granted if the banks do their share. The enterprise owes approximately DM 3 billion, and it must raise more than DM 20 million annually just to pay the interest.

In the meantime the labor unions made their position perfectly clear. The Metalworkers Union refuses to compromise and it rejects the Federal Government demand that half of the steelworkers' salary for the 13th month be given to the enterprise as an interest-free loan.

As far as the labor unions are concerned, it is a matter of principle: Payment of the 13th salary as a Christmas bonus is part of the negotiated labor union contract.

"Giving up the Christmas bonus," Rudolf Judith, member of the Metalworkers Union executive committee, fears, would be "the big precedent for all enterprise that are not doing well."

In addition, according to labor union arguments, workers had already contributed enough to the rescue of Sairstahl. They had to give up hardship compensation for reduced hours, something that had been guaranteed to them by the enterprise. Because of it, the income of a steelworker has been reduced by approximately DM 8,000 per year.

If the labor union persists in its attitude, the Sairstahl case could become the first major dispute between the new government and the representatives of the workers. Because apparently the chancellor is also not willing to give in on this point.

The settlement of the Christmas bonus, Lambsdorff insists, "is a condition that is absolutely essential." And: "If the conditions are not met, there is nothing left for us to do."

It means that the bankruptcy of Sairstahl would be inevitable, and the consequences for the country would be incalculable. "If Sairstahl goes bankrupt," Friedel Laepple, chairman of the SPD parliamentary group in Saarland's Landtag, stated, "the Saarland will go bankrupt." It would not only lead to the unemployment of 20,600 steelworkers, because two additional jobs in other industries depend on each job in the steel industry.

If that were the case, not only every tenth person on the Saar would be unemployed but possibly every fourth one. Alternate opportunities are not available in the economically weak area: at the present time there are 40,000 unemployed people and 1,300 job openings.

At any rate, the steel crisis brought the smallest of the FRG Laender--governed by a CDU/FDP coalition--close to financial ruin because it pays half of the subsidies to the ailing enterprise. One-fourth of this year's budget of approximately DM 4 billion has been financed through loans. Already now almost 10 percent of all expenditures go for interest payments.

Gerhard Zeitel, Saarland's minister of finance, warns: "Next year we will not be able to come up with the same amount in subsidies as we did this year."

Nevertheless, even if all participants come to an agreement because they fear bankruptcy, there is no guarantee that Sairstahl will survive. After all, the subsidies will still have to be approved by Brussels.

One will have to remember that EC permission for the most recent grants came only after tough negotiations. "The discussions," Lambsdorff fears, "will be very difficult and very rough."

8991

CSO: 3620/87

BRIEFS

COOPERATION PROTOCOL WITH SYRIA--Following a working session between National Economy Minister Gerasimos Arsenis and Syrian Minister of Planning Dr. Kenal Charaf, a protocol was signed on Friday by the heads of two delegations which provides for cooperation between Greece and Syria in such sectors as planning commerce, industry agriculture, transport, communications, tourism, public health, veterinary surgery, postal services and scientific and technical matters. An executive programme was also signed by Minister to the Prime Minister Agamemnon Koutsogiorgas on behalf of the Greek government which provides for cooperation in the tourism sector including the training of Syrian students at Greece's tourism schools.
[Text] [Athens ATHENS NEWS in English 14-15 Nov 82 p 4]

CSO: 3500/307

CENTRAL BANK WARNS ECONOMY IN 'DANGEROUS SITUATION'

Foreign Debt Now Almost Half of GNP

Reykjavik MORGUNBLADID in Icelandic 5 Nov 82 p 18

[Article: "A Third of National Income in State Expenditures"]

[Excerpt] "It is conspicuous, with the draft budget now under discussion, that the government has no clear support for those income tax proposals whose presentation is foreseen by the draft budget and those kinds of income planned. It is clear that there is no more support than before among Independence Party government supporters for an extension of the increased tax demands," said Matthias A. Mathiesen (south) in a budget speech yesterday in the Althing.

State Debts-National Debt

Matthias A. Mathiesen (south) pointed out that the debts of the treasury at year's end 1981 were 2,300 million krona. Of these 150 million krona were with the Icelandic Central Bank. In addition, certain funds in the B Section of the budget have been financed through borrowing expenditures, whereas funding has formerly come from the treasury. The greatly increased tax revenues of the government have all gone for increased state expenditures, not to decrease the debts of the treasury.

It is clear, said Mathiesen, that by the end of the present year treasury debt will amount to a considerably higher proportion of national production than it did when the leftist government came to power in 1978.

National foreign debt, which amounted to 31.6 percent of national production in 1977, will be, according to estimates, 45 percent by the end of the present year. The payments burden for foreign loans that was 13.7 percent of monetary income in 1977 will be at least 23 percent this year, and is expected to be still higher in 1983.

State expenditures have increased considerably as a proportion of national income during the period of the leftist regime, 1978-1982. The situation is

such that in a year's time one-third of national production will vanish in state expenditures. Another sign of the leftist evolution is that a higher and higher proportion of state expenditures is going into operating funds and supplementary financing needed to have influence upon prices and indexing. The proportion of real investment has decreased and is now only around 10 percent at the same time that tax collections have bloated.

"It has been stated," said Mathiesen, "that the tax burden will be the same next year as this year. That can only mean that inflation will be 60 percent next year. The government seems to want to show, for another year in a row, its inability to manage the national economy.

"As a result of the policy of expansion followed by the government, state expenditures are estimated to have increased by nearly 74 percent (1983), with under estimates, and subsidies by 80 percent. The situation is such that every tenth krona of treasury income goes for payment of export guarantees for agricultural goods and that is nearly the same amount of financing as went into real investment in the A Portion of the Budget."

By law, financing estimates must be presented with the draft budget at the opening of the Althing. Nothing has yet appeared. The practice has been since 1977 that the financing law has not been made part of the budget.

The government, which was formed, it claimed, to fight against inflation with measures of restraint to protect prices, exchange rates, money, financing and state funding, now finds itself, after three years in power, confronted by rapid inflation, unparalleled foreign debt accumulation, an expansion of state expenditures that is running at a rate far beyond the national price evolution and overtaxation that oppresses both the people and business and is divided within itself and lacks an Althing majority. No initiative is to be expected from it on our key problem.

"The 1983 Budget of Crisis"

Ragnar Arnalds, minister of finance, emphasized the fact that state finances have been strengthened during the time that he has been minister. Debts of the treasury with the Icelandic Central Bank, formerly 4-5 percent of gross national income in years past, are now only 1-2 percent. It is, on the other hand, not to be denied that many state institutions are in financial expansion at this time.

The minister of finance said that the payments side of the draft budget was characterized by three things: 1) Expenditures for operating and consumption adjustments for business and the public will dominate, subsidies and export guarantees will increase by 60 percent; 2) Appropriations for public investment and the investment fund will be cut in real terms; 3) There will be restraint in the operating budget. Some will think it harsh to cut down investment to 8-10 percent but the draft budget is a crisis budget, said the minister.

The minister described in very general terms the expenditure and income side of the budget draft, likewise the state accounting for 1981 and

treasury results for 1982. Operating results for the first 8 months of 1982 were negative by 1 percent in total expenditures but if calculated for 9 months they were positive by 2 percent. That is the most favorable outcome in some years, said the minister.

The minister said that direct taxes are 19 percent of 1983 income projections and indirect taxes 79.6 percent. The total tax burden for treasury tax collections is 30.5 percent of estimated gross national income for 1982.

He said that calculations of the draft budget assumed a 42 percent increase in costs between the years 1982 and 1983. Total treasury expenditures are estimated at 12,700 million krona and of that 5,300 million krona will go for joint consumption. He said that total loan resources will, according to article 1 of the draft, amount to 1,534 million krona. Of total borrowing, 841 million krona will be from domestic loan resources and 693 million krona from foreign.

Income estimates of the treasury for the coming year call for an income of 12,733 million krona (9,389 million krona last year). The increase in total income for 1983 is around 60 percent over the 1982 budget. The income of the treasury as a proportion of gross national income will be 30.6 percent in 1983.

The minister said that income and property taxes, according to collection estimates for 1983, will be 1,543 million krona, a 57 percent increase. It is estimated that the tax index will be 152 points in 1983 compared to 100 points in 1982. There are plans for special taxes on business and office furnishings, likewise other "temporary" taxes.

The minister said that public toll income for 1982 was above estimates. On the other hand, there is foreseen an 8 percent decrease in public goods imports in 1983. Foreseen is an increase of import costs of 2 percent in foreign exchange and 42 percent in krona. It is foreseen in the draft that total income from imports in 1983 will be 2,110 million krona, an increase of 27 percent.

The income of the treasury in taxes from the sale of goods and services will be, according to estimates, 4,739 million krona this year and a 5 percent real decline in turnover is foreseen for next year.

The minister said that estimated total treasury expenditures for 1983 were 12,700 million krona, a 60.5 percent increase over the budget of the present year.

In conclusion, the minister referred to current problems of the national household, problems primarily due to the foreign trade deficit. "The crisis is greater than in a long time," said Ragnar Arnalds, "and the budget should reflect this, among other things, in reduced investment."

Central Bank Warning

Reykjavik MORGUNBLADID in Icelandic 5 Nov 82 p 3

[Article: "A Dangerous Economic Situation"]

[Text] "The fact has not been taken too seriously this year when it is asserted that the economic situation is dangerous and is one that must be responded to with all means at our disposal," states a report of the Bank Administration of the Icelandic Central Bank to the government of 11 October. The bank later made the decision to increase interest rates from 1 November based upon the report.

The conclusion of the Bank Administration that there is now a "dangerous situation" in economics is justified in various regards and also because the prospects are "now dubious for a real economic improvement for next year as was previously expected" and there are "growing difficulties" in the international money markets which can have "a fateful influence upon Icelandic access to foreign capital and upon loan conditions." The Bank Administration thinks that a major precondition for a better balance in the loan markets and in foreign exchange trade will be that interest rates are brought into coordination with price evolution and the great mismatch reduced that has come into being between secured and unsecured domestic and foreign loans. As is known, individual ministers have spoken out against the interest rate decision of the Central Bank. The reason is that the Progressive Party Althing delegation, the largest of the government parties, is directly opposed to interest hikes. It was stated in a policy statement of the prime minister of 25 October that it was one of the "most important tasks in Icelandic economics to reduce, as rapidly as possible, the great national foreign trade deficit and avoid any trade deficit at all for the next two years." It is stated in the Bank Administration report that: "The trade deficit and the debt situation, together, have become so serious that another policy must be found. Prospects are for a 10.4 percent deficit in national production this year and 6 percent next year or 16.4 percent for two years." The Central Bank notes that in major categories the deficit is caused by acceleration of net debt accumulation abroad and that this accumulation will grow this year from 32 percent of national production, which it has been for five years, to 45.3 percent, according to a new forecast, and will increase to up to 48.1 percent in 1983. It is also estimated that next year every fourth export krona will go for foreign debt payment. Later, the Central Banks report states:

"The nation is seriously dependent on easy new foreign loans with favorable conditions at a time when there is serious danger of a great decline in credit and a worsening of borrowing conditions on account of the above-mentioned acceleration of foreign debt accumulation together with great inflation and negative real interest. If things are tight in these areas there is the danger, in the collapse in investment and in employment that has long been

feared, of the final inflation evolution. In terms of this, the influence of temporary restraint in the shape of loan conditions and loan restrictions has little impact alone. It should be realized, however, that limitations of foreign debt accumulation can only be achieved to a limited degree via the decisions of individual enterprises in terms of loan projections. A more effective way is through the formation of a system of national financing."

Minister Comments on 1983 Budget Bill

Reykjavik MORGUNBLADID in Icelandic 5 Nov 82 p 3

[Article: "Treasury Subsidies Increase by 80 Percent"]

[Text] Revenues for the treasury for 1983 are estimated to be a total of 12,773 million krona, said Minister of Finance Ragnar Arnalds when he spoke about the budget draft of the coming year in the Althing yesterday. Comparable figures in the 1982 budget were 7,967 million krona. That is approximately a 60 percent increase between the draft budgets for these two years, and amounts of nearly 31 percent of the gross national product. The corresponding figure for 1980 was around 29 percent. The tax index is fixed at 152 points, said the minister, compared to 100 points in 1982.

The draft budget foresees a continuation of all "temporary" tax collection, including a special tax on trade and office furnishings.

In the economic premises of the draft provision is made for a real 8 percent decrease in public imports of goods in 1983. Provision is also made for an increase in import costs of 2 percent in foreign exchange and of 42 percent in krona. Provision is also made for trade turnover, and there with sales tax accumulations, to decrease by a real 5 percent next year.

Provision is made for a 60.5 percent increase over the budget of the present year of total treasury expenditures in 1983. Treasury subsidies will increase, according to estimates, by 80 percent over the budget of 1982. On the other hand, provision is made for a decrease in real financing for investment.

Paper Attacks Government on Economy

Reykjavik MORGUNBLADID in Icelandic 6 Nov 82 p 24

[Editorial: "The Trade Deficit is the Intention of the Treasury"]

[Text] Icelandic inflation developments, foreign exchange controls and declines in savings have led to extraordinary demand and consumption which are among the causes of the large foreign trade deficits which the ministers now think to be the most serious national problem. They claim to express amazement that the large scale importing has greatly increased treasury

receipts in 1982, in tolls, in import fees and sales tax, and given the minister of finance reason to boast of income exceeding state expenditures even though expenditures have increased considerably more than prices in general. The trade deficit has thus turned out to be an economic advantage for the treasury.

It is stated by the government in the national economic projections of the treasury, under the heading "policies and measures," that the "most important goal in money matters" is to "find a balance in the monetary system," as it is worded, "by luring a larger proportion of the savings of Icelanders into investment in banks and savings funds." "A precondition for this is successful elimination of the trade deficit," the government also says in its policy statement. But why? The national economic projects answer as follows: "That should ensure tolerable investment conditions for savings funds in the form of value guarantees and interest... Implicit is a change in the interest rates for unsecured domestic and foreign loans under present conditions."

The ministers who have announced these things in the national economic projects think the worst is over for interest rates. They are, however, continuing to play the same game of hide and seek that has long been witnessed by the people.

Fuel Cost Rise Worries Fishermen

Reykjavik MORGUNBLADID in Icelandic 17 Nov 82 p 48

[Interview with Agust Einarsson, National Association of Fishing Financiers economist: "Conditions Worse Than Any Time Before"]

[Text] "The influence of the price increase on outfitting has been enormous. As a consequence costs are up this year by about 180-200 million krona. It is very clear that the situation at the end of the year will be very bad. I cannot remember, in fact, a worse situation for outfitters," said Agust Einarsson, National Association of Fishing Financiers economist in a conversation with MORGUNBLADID when he was asked about the influence of the 19.2 percent increase in gasoline prices and the 16.7 percent increase in crude oil prices on outfitting.

"We are very interested in having discussions take place this autumn on the problems of outfitters and in having the price of fuel not increase before 1 December when the new fish prices take effect and that has in fact been stated in law," said Einarsson also.

"It is very clear that the situation of the outfitters is very bad now, at year's end. Catches were much worse this October than a year ago and in addition a large part of the fishing fleet is now fishing red sea perch. The fact is that this time of the year is the most difficult for outfitting

normally during the year, that in addition to problems with declining catches and likewise the large fuel hikes. Morale is undeniably low about the way things stand," said Einarsson.

In addition to the fuel price increases, interest rates have also been going up, something that will unquestionably have a negative effect on outfitting, especially in terms of defaults. In addition, foreign exchange developments have made things difficult for us since this has an impact upon more things than fuel prices. All foreign expenses of outfitters have increased considerably. In addition, the catch has been much smaller than it was last year. We are not preparing for the legal fish price increases of 1 December but the increases will only be a drop in the bucket compared to increased expenses," said, in conclusion, Agust Einarsson, National Association of Fishing Financiers economist.

Cod Fishing Decline Reduces National Income

Reykjavik MORGUNBLADID in Icelandic 17 Nov 82 p 48

[Article: "No Good Cod Fishing Since 1976"]

[Text] The Oceanic Research Institute now estimates that the upper limit of the cod catch next year will be 350,000 tons compared to 450,000 tons this year. This does not take into account, however, the fact that only 380-390,000 tons will be caught this year. This is primarily due to the fact that the volume for 1976, which seems to have held such good prospects for the future at the time, has repeated itself only to a lesser extent recently. If the maximum catch is only 350,000 tons this will mean a 2 percent reduction of national income.

"These are very bad tidings, and worse than I had expected. It is, of course, a great disappointment that 1976 estimates of cod catch volumes have not proven correct. There was so much discussion of the size of the cod catch and its strength. Some questions naturally remain to be answered. It was thought that cod would be available in abundance last year and that the fishing would certainly hold up for three years. Both assumptions were wrong. In my view, better research is required now. But in any case these are very bad tidings for the nation. The National Economics Institute calculated for 400,000 tons in its estimates for next year and if the catch is down to 350,000 tons that means an up to 2 percent decrease in national income. I will talk with fisheries experts and fisheries outfitting economist before presenting my proposals to the government," said Steingrímur Hermannsson, minister of fisheries, when MORGUNBLADID questioned him on his views on the Oceanic Research Institute conclusions.

"The Oceanic Research Institute need not have bothered to send its conclusions to the National Association of Fishing Financiers since all it

provides me are the details. Judging by the news, it has been so much guess work about what has and what is to happen. The 1976 runs must have been the strongest yet and no such thing is happening now. That creates no trust in the scientists when it is remembered that we have often caught more than they predicted and they increased their estimates. Now when we are catching less they are reducing them," and Kristjan Ragnarsson, chairman of the National Association of Fishing Outfitters.

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CSO: 3626/10

ECONOMIC CONDITIONS BEHIND REDUCTION OF DEEP SEA FISH FLEET

Reykjavik MORGUNBLADID in Icelandic 6 Nov 82 p 48

[Interview with Gudmundur Hallvardsson, chairman of the Reykjavik Seaman's Union: "Number of Ships Down by 20 in 2 Years"]

[Text] "During the last 2 years there has been a reduction of 20 ships in the Icelandic commercial fleet. That reduction translates into the loss of 100 seaman positions. This is a serious development when we consider that there are, at this time, ships in Iceland on lease with their foreign crews and that foreign charter vessels are encountered at freight loading points. We are not happy with these developments," said Gudmundur Hallvardsson, chairman of the Reykjavik Seaman's Union in a conversation with MORGUNBLADID.

"We think that the Trade Council, which has control in this area, must consider whether or not there are ships available to carry the freight in question under the Icelandic flag before allowing foreign charter vessels in and that a time limitation must be set limiting the time that a ship can be on lease in Iceland with a foreign crew. It should be mentioned that the State Ship Outfitter has had one ship and sometimes two on lease since 1968 and that now they are preparing, simultaneously, to lay up the Hekla. Some people think that additional justifications are needed to explain why the Hekla is being laid up the same time that a foreign ship is patrolling Iceland's shores. There has not been sufficient explanation of this by the government.

"We are fearful of these developments. We do understand that free competition between the shipping companies is natural but find it unnatural that the shipping companies are actively competing with one another in leasing foreign ships," said Hallvardsson.

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CSO: 3626/11

COST OF LIVING INDEX HAS RISEN BY SIXTY PERCENT IN 1982

Reykjavik MORGUNBLADID in Icelandic 18 Sep 82 p 48

[Article: "Cost of Living Index Has Risen by 60 Percent Above Compensation Index This Year"]

[Text] The Indexing Committee has calculated the index figure for the cost of living based upon prices at the beginning of November. It turns out to be 210.10 based upon a foundation figure of 100 for January 1981. A comparable index figure based upon the older foundation figure is 6,813. The increase over the previous index figure calculated for prices at the beginning of August was 17.51 percent.

The Indexing Committee has also calculated the purchasing power increase for wages for 1 December according to legal provisions at 7.72 percent. Wages will generally increase by that percentage at the beginning of the next payments period. The cut in the compensation index is thus a total of 9.79 percent.

During the past 12 months the cost of living index has increased by nearly 60 percent. During the same period the compensation index has increased by more than 37 percent. The cost of living index has thus increased by 60 percent more than the compensation index during the year. The rate of inflation is now 90.7 percent based upon the 17.51 percent increase in the cost of living index.

As stated above, the increase in the cost of living index was 17.51 percent. Reducing it was a household goods deduction of up to .99 percent, a price increase of up to 0.61 percent for tobacco and alcohol and a deduction for impairment of the conditions of trade by 0.48 percent, in all, a total of 2.08 percent. Later, special deductions in accordance with the governments draft budget will come into effect from this autumn. These will be up to 7.71 percent so that the increase will be up to 7.72 percent in terms of the compensation index.

As an example of the influence of the government budget, a person earning 10,000 krona will receive an increase of 772 krona according to the budget

but would have otherwise received 1,543 krona if the draft budget had not been drawn up. The difference is thus 771 krona. A person earning 20,000 krona will now receive a 1,544 krona increase but would have received 3,086 krona if the budget had not been drawn up. The difference is thus 1,542 krona.

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CSO: 3626/11

UNEMPLOYMENT UP BY FIFTY PERCENT SINCE THIRD QUARTER 1981

Reykjavik MORGUNBLADID in Icelandic 9 Nov 82 p 48

[Article: "Unemployment Has Increased Considerably Between the Years"]

[Text] Registered days of unemployment for the third quarter of the year were 6,448 and that was an increase of 2,218 over the same period last year when the number of days of unemployment was 4,230. The increase between this year and the last was nearly 52.5 percent.

Of registered days of unemployment, 2,451 were in the Reykjavik region compared to 2,344 the same time last year. The increase between the 2 years is more than 4.56 percent. Outside the Reykjavik region registered days of unemployment for the third quarter were 3,997, compared to 1,886 the same time the previous year. The increase between the years was almost 112 percent.

Total number of registered unemployed during the third quarter were 298, compared to 195 persons during the same time last year. The increase since last year is thus more than 52.8 percent. Unemployment as a proportion of the total labor force during the third quarter of the year was 0.3 percent, compared to 0.2 percent the same time last year.

If the second quarter is also taken into account, registered days of unemployment were 8,554 this year, compared to 6,002 the same time last year. The increase since last year was thus more than 42.5 percent.

During the second quarter there were 3,034 registered days of unemployment in the Reykjavik region, compared to 2,340 a year earlier. The increase was almost 30 percent. Outside the Reykjavik region registered days of unemployment were 5,520 in all compared to 3,662 a year previously. The increase between the years was thus almost 51 percent.

In all, 395 persons were registered unemployed this year compared to 277 during the same period last year. Unemployment as a proportion of the total labor force was .4 percent compared to .3 percent a year ago.

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CSO: 3626/11

BRIEFS

FIRMS INCREASE LAYOFFS--Around 200 persons working for 15 companies have been laid off in mass layoffs during the last 3 months, especially within the clothing industry. According to Oskar Hallgrimsson of the Ministry of Social Affairs, these layoffs are considerably more than at the same time last year. By law, companies must notify the Ministry of Social Affairs if they lay off four or more employees. According to Hallgrimsson, it is somewhat unclear how many layoffs there have been since employers fail to inform the Ministry of Social Affairs or inform it late. There were companies such as contractors, for example, who did not report the number of those laid off by them during the autumn. No report was also made of layoffs at Isafjorðr and this could be the case elsewhere as well. Layoffs need not necessarily lead to reported layoffs since something can still be done to improve the situation. Hallgrimssons said that unemployment figures were still not available for the previous month and that it was not yet possible to make a statement on unemployment. [Text] [Reykjavik MORGUNBLADID in Icelandic 5 Nov 82 p 32] 9857

CSO: 3626/11

ALFA ROMEO'S FIVE-YEAR RECOVERY PLAN EXPLAINED

Rome L'ESPRESSO in Italian 31 Oct 82 pp 278-280

[Article by Telesio Malaspina: "Five Years of Hope"]

[Text] Ettore Massacesi has a recovery plan for the company; a new model and less workers. In the meantime, 1982 will see losses amounting to 94 billion lire and a decline of sales in Italy.

Rome--First Fiat and now Alfa Romeo. It is very unlikely that workers from Arese and Pomigliano d'Arco, placed under the umbrella of the Wage Supplement Fund on the basis of an agreement ~~reached~~ with the union, will get back to work by the established dates. The company, which met with the FLM [Federation of Metalworkers] on 15 October, gave proper assurances in this sense, but the 5-year plan prepared in September by Alfa's president Ettore Massacesi and his closest collaborators indicates just the opposite: "We do not foresee that unemployed workers under the umbrella of the Wage Supplement Fund with zero hours [of employment] will be called back to work within the next five years, but we foresee only early retirements and induced resignations so that by the end of 1985 the work force in excess would be reduced to 800 workers." In other words, workers under the Wage Supplement Fund will get back to work only as replacements for those who, in the meantime, have reached retirement age.

If these are Massacesi's original intentions, it does not mean that political considerations and the desire to maintain an open dialogue with the union may not prevail in the end. There is no doubt, however, that this is a signal that the crisis of the country's second largest car manufacturer is far from being over and that its management prepared therapeutic measures which are, in fact, described in the 5-year plan.

This year, Alfa Romeo produced about 200,000 cars with an increase in exports but a decline in domestic sales. The year end result will be a loss of 94 billion lire, while the postponement of the planned recapitalization caused the growth of the company's liabilities. The reorganization of the productive cycle is proceeding with difficulty and unions denounced the fact that in September there were 2,500 defective cars in the Arese car lots with losses amounting to billions of lire.

New Models. The car maker bases its comeback primarily on the forecast that the international automobile market will start to grow again in 1983, even if at the slow rate of 2 percent. In Europe, where the company sells 90 percent of its output, demand should increase by half a million cars by 1987. In order to survive, Alfa Romeo should capture at least one-fifth of the new demand and produce over 300,000 cars a year. But to whom should they be sold and, more importantly, which market should be targeted? A consistent growth in the area of high-powered cars, the company's traditional battlefield, seems to be out of the question. Strong competitors, thanks to larger volumes of production, manage to achieve economies of scale which Alfa Romeo cannot attain. BMW makes 400,000 cars a year and even SAAB manages to sell in sunny Italy cars whose seats warm up when the outside temperature goes beyond 20 degrees below zero. On the contrary, Alfa 6, Alfa Romeo's top of the line, does not sell; only 500 of these cars have been sold.

Therefore, in order to stage a comeback for his company, Massacesi decided to concentrate on medium-size cars. Alfa Romeo has already been producing a medium-size car, Alfasud, and this year will begin manufacturing another, Arna, in collaboration with the Japanese Nissan. The 5-year plan foresees a production of 60,000 of these cars, whereas the production of Alfasud should reach 117,000 units in 1984, quite a jump from the present 73,000. These are the two models which will guarantee the recovery assuring, according to the plan, the largest volume of production that Alfa Romeo intends to attain. For the other models a small increase over the present level of sales is foreseen.

Financial Crisis. The objectives are as ambitious as they are difficult to achieve but, even if achieved, there would still be an unknown factor in the company's future, that which concerns financing. According to the five-year plan Alfa Romeo will need until 1987 2,580 billion lire of which 1,663 are needed for investment purposes. The company's self-financing is limited to 1,693 billion lire; the rest will have to be covered by new loans. Alfa Romeo's officials are hoping to be able to obtain preferential loans on the basis of a law on industrial reconversion and through the utilization of the fund for technological innovations. What if the tight-credit policy should be maintained? If the government should be forced to concentrate its resources on industrial sectors worse off than that of the automobile? In this case, according to the 5-year plan, recovery efforts would probably be fruitless. Also the goal of operating at a profit by 1984 would be compromised and the company would be suffocated by short-term debts which it is aiming to reduce drastically.

Confrontation with the Union. In an atmosphere of unknown events and uncertainties the cost of labor and output are the only tangible results obtained. Output in Arese increased by 36 percent since 1972 and in Pomigliano d'Arco by an astounding 50 percent. But it is exactly because of these successes, achieved in collaboration with the union, that the company is convinced of the necessity of a reduction in personnel greater than that estimated. An extension to 1985 of the zero hours Wage Supplement Fund, due to expire in June of next year on the basis of an agreement reached with FLM, is now being planned. Furthermore, additional temporary production stoppages are being planned until 1984. Alfa Romeo thus plans to reduce its personnel in the automobile sector

by approximately 3,000 workers even though within the entire organization the reduction will be smaller. The last word is now up to the unions and we wonder if they will make theirs once more the company's problems.

AND AS OF 1984 WE WILL BREATHE AGAIN

	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
AUTOMOBILE MARKET FORECAST (demand in thousands of units)						
Italy	1,710	1,770	1,750	1,700	1,705	1,710
France	1,900	1,940	2,020	2,020	2,040	2,110
Germany	2,300	2,550	2,680	2,630	2,655	2,715
Great Britain	1,490	1,500	1,590	1,730	1,715	1,780
Europe	10,110	10,800	11,170	11,190	11,310	11,630
ALFA ROMEO						
Sales in Italy	109	130.7	158.1	176.9	178.3	166.7
Sales abroad	91.1	111.6	138.6	152	153.5	150.4
TOTAL	200.1	242.3	296.7	328.9	331.8	317.1
Profit and Loss						
(in billions)	-94.2	-53.1	+0.8	+20.9	--	--
Money Capital						
Needed (in						
billions)	131.1	570.6	591.2	585.5	453	380
Total Employment						
(in thousands)	40.5	39.7	39.2	39.1	38.9	38.7
Employment in						
the Auto Sector	34.5	33.3	32.2	31.9	31.7	31.5
Zero Hours Auto						
Wage Supplement						
Fund	4,068	3,069	1,356	818	--	--

These are the main figures of Ettore Massacesi's 1983-1987 plan. 1984 is the year in which it is hoped that the company will be in the black, but financial costs will remain high and employment tends to diminish progressively.

9758

CSO: 3528/40

PRODUCTION, EXPORTING TRENDS OF AUTO INDUSTRY DISCUSSED

Paris L'USINE NOUVELLE in French 7 Oct 82 pp 112-120

[Article by Georges Le Gall with Jaan-Foald Roxan: "Automobiles: Spain in the Eueopean Arena"]

[Text] From Renault to General Motors, from Peugeot to Mercedes, from Ford to Nissan, the automobile construction giants have decided to manufacture in Spain. Opel is assembling the Corsa, its latest model, in Zaragoza. At the same time, Seat is establishing a network in France, Germany and Italy. Spain in the Common Market? It has already been done for the automobile.

It was at the Paris exposition (at the Porte de Versailles from 30 September to 10 October) that Opel, the German subsidiary of General Motors, introduced the Corsa to the public. This will put Opel in the less expensive car market, where until now it had no models.

The Corsa is a new rival of the Renault 5, Volkswagen Polo, Peugeot 104, Fiat 127, Talbot Samba, Ford Fiesta, etc. Starting in October, the Corsa will be marketed in Italy, France and Spain, the three large European markets where the share of small vehicles among total registrations is the highest (33 percent in France, 42 percent in Italy and Spain). The Corsa will be sold in other countries starting in spring 1983.

One peculiarity of the Corsa, among others, is that it is built solely in Zaragoza, Spain, in a factory built especially for it that has a capacity of 270,000 vehicles per year (for the start-up in 1982, production will be about 20,000 units). Additional factories (Logrono, near Zaragoza, and Cadiz) will supply interior fittings and mechanical parts (axles, steering columns, suspensions, etc.). The investment, which will reach \$1.75 billion, means the creation of 12,000 jobs when the Zaragoza factory operates at full capacity.

The engines and gearshifts will come from the new factory that General Motors built at the same time in Aspern, Austria, near Vienna. The Spanish portion of the car's value therefore will be only about 60 percent; however, General Motors has committed itself to exporting about 70 percent of the vehicles assembled in Zaragoza. In all, the value of the finished exported vehicles should be 25 percent higher than that of the components imported to build them.

If the Corsa meets with great success, General Motors will have to choose between expanding its factory in Spain or assembling the Corsa in its factories in Germany and Great Britain. In all probability, Spain will remain the major production center for this model. With the General Motors Corsa, Spanish authorities have continued the liberalization operation undertaken for the Ford Fiesta, whose Valencia factory opened in 1976. Ford was the first builder to make Spain the primary production center of a model. (In fact, of the 364,000 Fiestas built last year, 234,000 were built in Spain, and only 78,000 were built in Germany and 52,000 in Great Britain.) Ford was also the first to receive authorization to lower the local integration rate to 60 percent on the condition that it export two-thirds of its production.

In fact, because of the weakness of the Spanish market during the last few years (total vehicle registrations fell from the record level of 660,000 in 1977 to 504,000 in 1981), and because of Ford's obligation in the beginning not to exceed 10 percent of total sales, Ford exports 75 to 80 percent of its Spanish production.

Integrate Spanish Production Into European Production

Spain's entry into the Common Market, delayed from year to year, will nevertheless take place. It was with this in mind that the legislation was modified. "The goal is for Spanish production to be integrated into European production, for this production to have fewer models but more units within each model in order to have competitive prices for export and for supplies to the domestic market to include both imports and domestic products," explained Antonio Farre, vice-general manager of automobile affairs at the Ministry of Industry.

With the Fiesta and Corsa, the Spanish automobile industry has already definitely entered the Common Market. This is a real revolution compared with the recent past when it lived in isolation with stiff import quotas (in 1977, imports accounted for only 2 percent of registrations and were subject to 80 percent customs tax) and an obligatory 90-percent integration rate. The concern at the time was to enable local production to start up, because even though the Spanish automobile industry is old (the Hispano Suiza firm, ancestor of the current builder of utility vehicles, Enasa, was created in 1904 by converting a firm founded in 1898 in Barcelona), it has remained small for a long time. Production was under 20,000 vehicles per year in 1955 and under 100,000 in 1960; but the 500,000 mark was reached in 1970 and the 1 million mark in 1977.

An Industry Deeply Touched by the Crisis

Despite this recent development, the domestic market remains small. Because of differences in population, the Spanish passenger vehicle market must record about 1.3 million registrations per year to be similar to the French market, but it did not have half this figure in 1977, which was its best year. At that time, it was estimated that this level of 1.3 million would be reached by the beginning of the eighties.

But the economic crisis that has hit Spain hard (13 percent of the eligible population is looking for jobs) has completely eliminated these estimates.

Instead of increasing, vehicle registrations were down to 500,000 in 1981. Specialists agree, however, in thinking that the low point was reached last year and that 1982 should result in a stabilization or slight improvement and that recovery will begin in 1983 but that the industry will undoubtedly have to wait until 1986-1987 to reach the record of 1977.

New Rules for Foreign Builders

Under these conditions, and even when adding exported vehicles to vehicles destined for the local market, it was no longer possible to claim to be able to construct new models at competitive prices while maintaining a local integration of 90 percent. In addition, that would have hurt the manufacturers who had long been established in Spain (a single one has Spanish capital, Seat; the others have French capital--Renault, Citroen and Talbot) compared with the newcomers (Ford and General Motors).

As a result, since 1980 manufacturers have had the right to lower the local integration rate of new models to 60 percent. This, for example, resulted in the rapid takeoff of the Renault 9, Talbot Samba, Citroen Visa, Peugeot 505, etc., with engines and gearshifts coming from France. But for these new models integrated at 60 percent, builders committed themselves to seeing that the value of exports of complete cars is at least 20 percent higher than the value of the equipment imported to build them. At the same time, the regulations for importing complete cars have been relaxed; there has been an elimination of quotas and a 40-percent decrease in customs duties, which explains the increase in imports (which now account for 10 percent of registrations) despite the overall decline in the market.

The new rules of the game have thus been set; they will probably not be modified before Spain's entry into the Common Market, which will result in a gradual lowering of customs duties. Within this framework, what will the policy of different firms be? For Ford and General Motors the situation is clear--Spain will basically produce the less expensive models for the European subsidiaries of the two American giants. Which does not mean that Ford and General Motors will not assemble some other models elsewhere. (Besides, Ford began building the Escort to avoid the customs duties that are still quite high on imported cars.)

Under these conditions, what will the French do, since in 1981, despite the recent arrival of Ford, they accounted for almost half of the production and sales of cars in Spain? For Renault (its major factory is at Valladolid) and for Peugeot (with major factories in Vigo for Citroen and Villaverde, near Madrid, for Talbot), Spain is far and away the foreign country where the two firms are best established.

Nobody is saying much at Renault, which has about twice Peugeot's commitment in Spain. "We believe that at the present time it is premature to address the consequences of Spain's entry into the Common Market, which has as much of a political as a commercial character," is all that is said by company management. The problem is a sizable one for Renault, which despite the arrival of General Motors, has set itself the goal of maintaining its share, 33 percent, of car sales in Spain in 1982-1983.

Renault: A More Iberian Than Spanish Development

Renault took first place in sales away from Seat in 1979; in 1980 it was also first in manufacturing. Renault also has a very large development program in Portugal, where by 1987 production should be about 80,000 vehicles and gear-shifts and 220,000 engines. As a result of this, exchanges between Renault's French, Spanish and Portuguese factories will depend on the dates and requirements for not only Spain but also Portugal to enter the Common Market.

As for the Peugeot firm, the strategy is already much clearer. "In the future, our Vigo factory cannot function properly unless it has sufficient markets for export," emphasized Xavier Karcher, general manager of Citroen. Although it has reached 160,000 vehicles in 1979, Citroen's production fell to 105,000 in 1981; it should rebound to over 130,000 in 1982 (mostly because of the steady increase in the Visa, which fills the gap between the 2CV and the GS). It has been predicted that it will reach the level of 160,000 in 1984, and capacity could be increased by 20 percent with limited investments (8 billion pesetas scheduled from 1982 to 1986). Export's share, which was only 40 percent in 1979, will increase to 50 percent as of 1982 and reach 60 percent in 1984.

Citroen has estimated that its share of the market will not surpass 10 percent because of the growth in the competition--that already gained by General Motors and now by Volkswagen, which will be building 150,000 vehicles per year under license at Seat by the end of 1983. "By 1987-1988, our overall rate of local integration will have fallen to 60 percent, but we will manufacture certain models only in Spain, or variations of models for Citroen as a whole. This is already the case for the Acadiane and the Dyane and this policy will be continued," indicated Xavier Karcher, who added, "on the other hand, in the long run, half of our registrations in Spain will involve imported vehicles." It should be pointed out that Citroen Hispania, which experienced modest losses in 1980-1981 (about 1 percent of the turnover) will reestablish its financial balance as early as 1982.

Automobiles Talbot: A Financial Disaster

The situation was much more fragile for Automobiles Talbot, which has been part of the Peugeot firm since 1978, like the other European subsidiaries of Chrysler. In 1981, Talbot's losses doubled compared with 1980 and reached 20 percent of the turnover. This financial disaster had several causes: the very bad economic situation in the market for trucks over 9 tons, where Talbot is second behind Enasa; a surplus of jobs in comparison with production; heavy financing costs as a result of resorting to borrowing to pay for investments. The restructuring plan presented last March to the Spanish authorities called for transferring heavy truck operations to Renault Industrial Vehicles, which was accepted in July (see p 120). As for passenger vehicles, for which the capacity is 100,000 per year, this plan calls for reducing staff from 11,000 to 7,500, modernizing production machinery and introducing Peugeot models into those manufactured (except for the 505, which will continue to be produced by Citroen). Negotiations are under way with the Ministry of Industry, which has

been asked for aid to make up for the losses of the last few years, to contribute to severance pay and to finance investments. "We are in the process of coming out of a difficult period and the Peugeot models will help strengthen the Talbot network, something that has been eagerly sought by General Motors," said Daniel Vasseur, export manager for Peugeot Automobiles for Southern Europe.

Regardless of the ups and downs of the economic and diplomatic situation, it is understood that the Spanish subsidiaries of large world manufacturers are or will be more and more integrated into the industrial systems of their parent company, whether it is Ford and General Motors, Renault, Citroen and Tablot, Mercedes (which manufactures only utility vehicles in Spain) or Nissan (last April the number two Japanese maker took the majority of the capital of the utility vehicle manufacturer Motor Iberica). The desire of the authorities is also to find foreign partners for manufacturers that still have Spanish capital; the two major ones, whose owner is the state body INI (National Institute of Industry), are Seat (private vehicles) and Enasa (utility vehicles).

Fiat and Seat: A "Sensible Divorce"

Seat was created in 1950 to manufacture cars under Fiat license. The Italian manufacturer recently thought about taking the majority of the capital; it finally decided not to, primarily because it could not obtain the financial aid it was requesting from the Spanish Government. Last July, Fiat sold back to INI its 6-percent participation for a symbolic 1 peseta. "It's a sensible divorce," said Juan Miguel Antonanzas, president of Seat. In fact, not all of the links have been cut between Fiat and Seat--Fiat has agreed to sell 100,000 Seat vehicles per year until 1985 in its sales network outside of Spain.

In addition, Seat has retained the right to manufacture Fiat models that it currently builds. Seat already has a small network of its own abroad (20,000 vehicles will be exported in this manner in 1982), especially in Egypt and Chili. Beginning in 1983, Seat will have the right to freely sell its production in all countries through its own network, as long as its products have exteriors different from those of Fiat-origin models. (This process has already begun--Seat produces under the name of Ronda a Ritmo, which has had its body redesigned.)

A Seat network is in the process of being set up on the three largest European markets, Germany, France and Italy. "By 1983 in France, for example, we will have 100 sales outlets where we think we can sell 15,000 cars," stated Juan Miguel Antonanzas. However, even redesigned, Seat models that came from Fiat will not have an indefinite life and one day other cars will have to be produced. "Obtaining licenses for the mechanical components will not present any problem," claimed Seat's president.

But that does not obviate the need to look for a partner to replace Fiat. The planned agreement with Toyota has not been concluded, because in the eyes of the Spanish the Japanese number one did not want to take on adequate commitments in terms of the local integration and export rates.

The technical and commercial cooperation agreement finally concluded with Volkswagen will enable Seat to build and assemble 120,000 Polo Derbies and 30,000 Santanas. In addition, Seat will export 60,000 of its own cars through Volkswagen's international network.

Seat's goal is to produce 90,000 units in 1984 and 140,000 in 1985 of two of the German manufacturer's models (inexpensive and average priced). Volkswagen would sell in its network outside of Spain two-thirds of Seat's production made under license. During the last few years, Seat was in a difficult situation; its share of the market decreased drastically in Spain (in 1981, losses reached 15 percent of the turnover).

The Spanish group therefore decided to adjust its staff in relation to its production--6,000 jobs were eliminated at the end of last year. Its president hopes to balance the books in 1984. The goal is to produce 250,000 cars starting this year (the low point was 207,000 in 1981) and to reach 400,000 units in 1985, half of which would be for export. Will Seat be able to build an adequate network abroad to take over the sales that, for the moment, are handled by Fiat?

The other big problem is Enasa, leader of the Spanish market of trucks over 9 tons (last year, however, the market was 60 percent lower than the level reached during the record year 1974), but with weak exports--25 percent of the turnover, mostly headed to the Middle East (Enasa recently concluded large contracts with Egypt), North Africa and South America.

1981: A Bleak Year for Spanish Heavy Trucks

Enasa, whose deliveries to the Spanish army account for about 10 percent of its turnover, is supported by the state, which is the owner through INI. It is, therefore, public capital that absorbs the losses (now declining, losses were 25 percent of the turnover in 1981) and finances investments (25 billion pesetas planned between 1982 and 1986). The low point of the Spanish market for heavy trucks was probably reached in 1981. "Even if the market rebounds, we need a partner because of our prospective entry into the Common Market. We are not lacking candidates for the Spanish market, but we want cooperation that will allow us to advance on foreign markets, where our goal is to obtain 40 percent of the turnover," emphasized Federico Sotomayor, president of Enasa.

The Spanish thought they had found the answer with International Harvester. But the American company, because of its own financial difficulties, pulled out of Enasa's capital last July. A replacement is therefore needed. "Our desire is to conclude an agreement with European manufacturers. This would probably be easier with Daf, Man or British Leyland, for example, which, like us, are of average size, rather than with the very large ones. Nevertheless, we are open to all possibilities, including the Japanese," said Federico Sotomayor.

Besides, the Japanese are already in Spain; Nissan recently increased to 55 percent its 36 percent participation in the capital of Motor Iberica, which the Japanese manufacturer took in 1980 when the Canadian firm Massey Ferguson pulled out. Nissan decided to increase the production of Motor Iberica light vehicles by having it manufacture Japanese models of cross-country vehicles and light vans. Santana is also negotiating with a Japanese firm, Suzuki, in order to complete its line of cross-country vehicles. (Santana manufactures Land Rovers under British Leyland license.)

The Spanish automobile industry is in the process of changing its image by abandoning its isolationism. "In the long run, imports will increase more quickly than exports, but the trade balance will be stabilized," indicated Enrique Fernandez Laguilhoat, president of ANFAC (Spanish Association of Manufacturers).

With General Motore, Ford, Nissan, Renault, Peugeot, Mercedes, probably Volkswagen and maybe Toyota, all the major world builders are or will be manufacturers in Spain. Subcontractors and outfitters themselves must also adapt, because there are no more reserved territories (see box p 119). But thanks to this change, the Spanish automobile industry will be an adult by the end of the eighties.

[Text accompanying diagrams:]

Decrease in the Market But an Increase in Imports

Although in the middle of the seventies it was predicted that the domestic market would exceed 1 million cars by the beginning of the eighties, the economic crisis cut this figure to around 500,000. Despite this, the relaxation of the regulations caused an increase in imports, which account for about 10 percent of registrations compared with 2 percent in 1977. Exports (except in 1981) also increased dramatically.

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ERTEM INTERVIEWED ON CUKOBIRLIK COOPERATIVE

Istanbul DUNYA in Turkish 8 Nov 82 p 7

[Interview with Cukobirlik Director General Sefik Ertem by DUNYA correspondent Gurses Varol; date and place not specified]

[Text] Sefik Ertem was born in Sivas in 1927. He received his elementary and secondary education at military schools and graduated from the Army Academy in 1946.

He graduated from the Military Academy in 1960 and attended the German Military Academy from 1961 through 1963. Later, he served at various military posts.

For a while, Ertem served as a faculty member at the Military Academy. He served as a military attache to Bonn between 1967 and 1969. In 1969, he left the military as a staff colonel and served in a number of civilian organizations.

He served as the administrative director of Tustas--an engineering firm set up with German partnership--for 5 years, then became the managing director of the Kus-Tur resort village and then became the director of the Ankara representative office of the Krupp group. In December 1981, he was appointed as the Director General of Cukobirlik [Cukurova Cotton and Citrus Fruit Agricultural Sales Cooperatives Union].

Sefik Ertem is married with two children and is fluent in German.

Cukobirlik

Cukobirlik is the best-developed example of agricultural cooperative organizations in Turkey and, with almost 40,000 shareholders, is the fourth largest integrated agricultural complex in the world with operations extending over 10 southern and southeastern provinces.

Cukobirlik, which processes cotton and cotton-based products, is currently experiencing critical times because it could not procure adequate materials during the 1982-1983 cotton buying season.

Cukobirlik Director General Sefik Ertem expressed the following views about the union:

DUNYA: Honorable Director, could you give us some information about Cukobirlik?

Ertem: The Cukobirlik complex is built on a 630-donum tract of land on the Adana-Mersin highway and processes raw cotton and various cotton byproducts. The complex consists of six primary units and is now the third or the fourth largest integrated complex in the world. The union has around 40,000 shareholders, is headquartered in Adana and operates in a large area which comprises the provinces of Adiyaman, Icel, Kahramanmaras, Gaziantep, Hatay, Mardin, Diyarbakir, Urfa and Elazig. Cukobirlik is a large cooperative organization which incorporates in its structure the cotton producers of the southern and southeastern Anatolia regions.

Let me give you some brief information about the six installations I just mentioned:

1. The sawgin plant was built in 1976. With a staff of 105 people, two Lummus triple sawgins and 94 400-metric-ton silos, this plant is the largest of its kind in the region.
2. The shortening factory was built in 1976 and produces cottonseed oil, oil cake, cottonseed pulp and soap stock. The soap unit became operational at the beginning of 1982 and is producing in accordance with the needs of our personnel and shareholders.

With the phasing in of the oil extraction unit in 1982, the shortening factory increased its capacity by 100 percent and can now process 90,000 metric tons of cottonseed a year. Furthermore, this factory can now process soybeans which are now grown as a second crop in the region.

DUNYA: Honorable Ertem, since we are talking about soybeans, can you give us some information about this year's soybean production and purchases? As you know, last year the Ministry of Trade decided that private organizations would process part of the soybean crop purchased. Will there be a similar implementation this year?

Ertem: Thanks to a well-managed promotion effort, the soybean crop of the Cukurova region this year was much bigger than last year's. Last year, soybeans were grown in Adana and Cukurova as part of an experimental project. The total soybean production of last year was 5,700 metric tons. This year, even though we are only at the beginning of the season, we have already exceeded that figure. We are estimating that this year we will buy 15,000 to 20,000 metric tons of soybeans, and we will process all of it in our own shortening factory. We will not pass anything on to the private organizations. Soybeans have become a promising crop for the future, but they must only be grown as a second crop.

Let me continue with the margarine unit of the shortening factory.

When completed, the margarine unit will be producing 5,000 metric tons of spread-type margarine and 15,000 metric tons of cooking margarine each year. Machines worth 300 million Turkish liras in current prices have already been bought for this unit, but the construction and installation projects cannot continue because of financial difficulties.

DUNYA: It is sad that a plant for which 300 million Turkish liras have been spent in machinery costs cannot be completed. Have there been any moves to complete it? How much money is needed to complete the project?

Ertem: The issue does not concern the margarine plant alone. For this plant, 275 million Turkish liras are needed in 1982 prices. But, as I said, our problem is not the margarine unit alone. We have another plant pending completion which may give a whole new character to Cukobirlik. Here, the major stumbling block is that the machines for the print fabric factory have not yet arrived. Furthermore, the thread and dye units of the textile mill are not yet complete.

Turning to our yarn and weaving factories briefly, with a capacity of 100,800 spindles, our yarn factory is one of the largest installations of its kind in Turkey.

The weaving mill is being built on a 36-donum tract and, when completed, will become the most modern textile mill in the world. With 604 shuttleless Sulzer mills, the plant will produce 57 million meters of fabric a year. Half of these 604 mills have already been installed in place.

Now let us look at the textile weaving process.

The ultimate goal is to fully utilize the yarn production capacity. The processing of yarn increases the added value of weaving. Consequently, we want to process and weave as much of the yarn we produce as possible. We will sell the surplus processed yarn. The goal of our print factory is to process 54 million meters of fabric a year by the overdyer method and turn it into various products. Currently, half of the desired 604 weaving mills are in place. By the beginning of 1983, a section with 438 mills will go into operation. The remaining 166 multicolor weaving mills will go into operation during 1983. Here, too, we have financial difficulties and we need 635 million Turkish liras for the completion of the project. We have turned to the government for additional funds.

For the print factory, machines worth 1.5 billion Turkish liras in current prices were ordered in 1977, and they have all been delivered. When operational, this factory will employ 886 people. The construction of the factory was begun in 1980, and 675 million Turkish liras have been spent so far. Another 2.5 billion Turkish liras are needed for the completion of this factory. If we cannot have that sum, all these expensive machines will be wasted.

DUNYA: Where are these machines? Have they been inspected since 1977? Are any of the parts of the machines rusting?

Ertem: Let me make a few clarifications on this issue. The machines are being stored with care; they are still in their factory packaging. They are being stored in a safe place. However, as is known, these machines have some rubber parts which may decay in the course of time. Necessary reports have been submitted to proper authorities on this issue. These machines must be installed in place as soon as possible. We are seeking domestic as well as foreign funds. We will make this plant operational as soon as we find the necessary funds. By making this plant operational we want to contribute to the economy of the country. Once it becomes operational, this factory will pay back for itself in 6 years.

DUNYA: Honorable Ertem, so far you have talked about the main units of Cukobirlik. Now, could you tell us about the shortage of seeded cotton which you have felt for months and about your future expectations on this issue?

Ertem: Let me explain you about our difficulties and what we are doing to overcome these difficulties by giving you some figures about cotton production in the southeastern part of Cukurova in the 1982-1983 season.

The National Cotton Advisory Council estimates that in the 1982-1983 season 355,000 hectares of land was used for growing cotton in Cukurova and Southeastern Anatolia and that the total production for the season was 250,000 metric tons of long-staple cotton. Although the area of land sown was smaller than last year's, total cotton production was higher mainly as a result of fertilizer and chemical assistance from Cukobirlik. However, despite this increased production, so far we have only been able to buy 22,000 to 23,000 metric tons of seeded cotton. At the comparable point in time last year, our cooperatives had bought 105,000 metric tons and by the end of the season that figure reached 150,000 metric tons. Our normal purchasing capacity is 300,000 metric tons a year.

Our cotton is delivered by our shareholders. Cukobirlik has 40,000 shareholders, which means that 80 percent of the growers in the area are our shareholders. Cukobirlik's existence depends on its shareholders and it exists for its shareholders. It is also clear that our shareholders need Cukobirlik. Each year, we provide our shareholders with seed, fertilizers and chemicals and we charge them only 20 percent interest, the same rate charged by the Agriculture Bank. According to our regulations, such assistance Cukobirlik provides to a shareholder cannot exceed 60 percent of the value of seeded cotton that shareholder has sold to Cukobirlik the previous year. Furthermore, this year we are not providing the support loans we used to have available in the past. Consequently, the producers have found higher-paying customers outside. In addition, the announcement before harvest time of the 26 June 1982 directive, which says that 25 percent of the value of crop purchases will be paid in advance and the rest will be paid in three installments over 6 months, caused a negative psychological effect on the producers and drove them into panic.

This year, merchants are paying higher prices for cotton and they are making all their payments in advance. Consequently, the producers, who are already excessively burdened with debt, have turned to the merchants. A more recent government directive calling for the advance payment of 50 percent of the value of the crop has not been too helpful compared to 100 percent advance payment by the merchants. As a rule, Cukobirlik shareholders are committed to sell all their crop to us. But because of their heavy debts they are being forced to sell their crop to the merchants even if they would prefer not to. Consequently, we are not contemplating the enforcement of sanctions called for in our contract with our shareholders even though we are in a very difficult situation ourselves. If economic conditions permit and our shareholders resume selling their crop to us a new Cukobirlik may emerge in 3 or 4 years and everybody can be happy.

There is nothing Cukobirlik can do at this point in time. We are making subsidy purchases in the name of the government. This season, Cukobirlik has been able to buy only 22,000 to 23,000 metric tons of seeded cotton so far. The union is

going through perhaps the most critical period of its 40-year history. If we can buy 80,000 to 100,000 metric tons of cotton during the second round of purchasing, we may be able to survive this crisis without any permanent damage.

DUNYA: You said that Cukobirlik is experiencing the most critical time of its 40-year history because your shareholders are not selling their crop to the union. What steps are needed to attract Cukobirlik shareholders back to the union in the light of the panic among the producers following the government's directives? How much seeded cotton will you be buying this season?

Ertem: The laws of economics enforce themselves everywhere. The Cukurova farmer is used to operating under the burden of debt. Most of them do not have the habit of maintaining an operating capital. In reality, cotton is a profitable crop. Cukobirlik shareholders and other producers who do not have any accrued capital are operating under debt, and they make use of two resources:

1. Very cheap loans provided by the union.
2. Other, higher-interest, loans whenever union loans are not sufficient.

It is for this reason that we are having the present crisis. The producer who has borrowed at high interest is inclined to sell his crop to the merchant for ready cash in order to cover the interest. If the producer comes to me, I will not be able to pay him in advance because I am not a bank, and, in any case, I cannot pay more than 50 percent of the value of his crop because that is how much credit the Agriculture Bank will extend me. The Agriculture Bank is the sum total of our resources, and sometimes we are having problems because of that.

In my opinion, mistakes are being made in the method of management of the issue. The absence of an operating capital is one the major reasons causing the problem.

DUNYA: How much of the debt you owe to the banks and the government as a result of your subsidy purchases has been collected? What other revenue sources do you have?

Ertem: Cukobirlik borrowed \$45 million from the European Development Fund thanks to guarantees provided by the Agriculture Bank. Consequently, the principal of our debt to this bank is currently 8.6 billion Turkish liras. This debt is the result of our investments, but because we have not completed our investments we cannot show any profit and, consequently, we cannot pay our debt back.

We have repaid our subsidy purchase losses accrued until 1977 amounting to some 3.5 billion Turkish liras. Work is under way to repay the remaining losses which amount to 7 billion Turkish liras.

DUNYA: Under these conditions, what is your view of Cukobirlik's future?

Ertem: Cukobirlik is in debt because of irresponsible management in the past and because it could not make proper use of its profit margin at the time. Let me give a brief account.

Seeded cotton bought at 75 Turkish liras [a kilogram] becomes raw cotton after some processing and sells for 185 Turkish liras [a kilogram]. When this raw cotton is stranded into yarn it is worth 350 Turkish liras a kilogram. When 1 kilogram of yarn is woven into a fabric it is worth 700 Turkish liras and when the fabric is printed, it sells for 1,400 Turkish liras [a kilogram]. This is where the future is. Today, many large private companies have reached where they are by processing seeded cotton into raw cotton, then into yarn and then into fabric while increasing their profit margin all the time. But Cukobirlik is in debt which is having a crushing effect. If we work carefully and in an organized manner like the private companies, we can find the financial support to expand our plants and we can increase our profit margins. This would help both the government and our shareholders.

DUNYA: Honorable Ertem, how much seeded cotton will Cukobirlik buy this year? Also, what were your export and domestic sales figures for 1981-1982?

Ertem: This year, we are expecting to buy 50,000 to 60,000 metric tons of seeded cotton. This amount will meet the needs of our yarn and fabric factories. As in the past, we will not sell any raw cotton this year. Our problem is that during the first round of purchasing the merchants bought most of the cotton crop. Around 20,000 metric tons of the 50,000 to 60,000 metric tons of seeded cotton we expect to buy will be processed into pressed raw cotton while the remaining two thirds will be turned into byproducts. This amount of raw cotton is just barely sufficient to cover the needs of our yarn and fabric factories. This year, too, we will be exporting cotton yarn and cotton fabric. The demand for linen is very high overseas.

Our domestic sales in Turkish liras in 1981-1982 were as follows:

Raw cotton: 2.598 billion;
Yarn: 2.7 billion;
Cottonseed oil: 700 million;
Oil cake: 534 million.

Our exports in 1981-1982 were as follows:

Raw cotton: \$52.5 million;
Yarn: \$3.9 million;
Cottonseed oil: \$50,000.

Total export revenues for the said period were \$56.45 million.

DUNYA: You mentioned that some thrift measures have been taken. What are they?

Ertem: Yes. Let me list those measures.

a) We ended the custom of paying overtime to employees during the purchasing season. This has saved us 300 million to 350 million Turkish liras a year.

b) We did not recall our 500 to 600 seasonal workers.

c) Energy saving measures were instituted.

d) Instead of hiring new employees to fill positions in our yarn and weaving factories, we are shifting personnel from other units.

e) Administrative personnel were not given the salary raises envisaged by the latest collective labor agreement.

f) We introduced cuts in various small expenditure items which add up to significant amounts.

Unemployment is forcing itself into every organization. This will happen and has always happened. We must follow the overemployment and wage policies of the past with logical decisions which will be in step with the interests of the country.

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SEE MICRO ERRORS SEEN AS MACRO PROBLEMS

Istanbul DUNYA in Turkish 4 Nov 82 p 2

["According to Us" column by Veysi Sevig: "Micro Incidents, Macro Results"]

[Text] Most of the criticism leveled against the State Economic Enterprises [SEE] is on justified grounds. It is hard not to be amazed by certain attitudes of these organizations which are supposed to serve the society.

As is known, a large portion of SEE losses are covered by the Treasury, that is, by tax revenues. Therefore, every citizen has a right to criticize the deficient aspects of these organizations.

First, we would like to talk about the Turkish State Railways which provides service in the transportation sector. The busiest line this organization operates is the Istanbul-Ankara link. The expansion of the public transportation service on this line would be very helpful. However, transportation on this line in the last few months appears to have been left in "God's hands."

On the night of 26 October 1982, half an hour before the departure of the night coach blue train operating between Istanbul and Ankara, one of the passengers reported to the proper authority that seat 47 on wagon 6 was in unusable condition. The response of the official in charge was striking: "There is nothing we can do. You have to use it as it is."

The problem was brought to the attention of the Station Directorate General, and a technician was summoned by a special announcement on the public announcement system. The response of the technician was the same: "Try to use it as it is." However, the passenger--described as "stubborn" by a railway official--did not give up, and eventually the defective seat was repaired, and this "stubborn" passenger was able to continue his trip in a normal manner.

Deniz Som, a colleague of ours at CUMHURİYET, has given a very realistic description of the state of the railways. Railway employees are listless and are suffering from low morale. None of the equipment is being properly inspected and maintained by the technical personnel.

Railway lines are frequently cut by collapsed tunnels and bridges. It is considered normal to put unserviced vehicles into service. This practice promises nothing but disaster.

In another development, the Maritime Service built a new pier in Kadikoy in an effort to ease the load on the Kadikoy-Karakoy line which is the busiest maritime line in Istanbul. But the way this pier is being used has proven to be tortuous for the passengers. The inconveniences that the passengers have to suffer while boarding a ferryboat during the morning rush hour are only the results of incompetence and negligence.

Unfortunately, it is the passengers who have suffer the inconvenience while the pier officials virtually tease them.

It must first be stated that some of the Kadikoy pier officials are treating the passengers very rudely. This must be stopped. Officials who tolerate the unjustified grilling of passengers--on the top of their inconveniences during boarding--are responsible for this situation.

Nowhere in the world is there a transportation organization which tortures its passengers. In particular, nowhere in the world can one find a transportation center and building built as incompetently as the one at the Kadikoy pier.

The SEE managers are responsible for the manner of operation of these organizations. Many of the unpleasant incidents occurring at the State Railways or the Maritime Services have been repeatedly discussed in the press. There has been a particularly large number of articles written about complaints about the Kadikoy pier. Unfortunately, officials have not responded to these complaints in any way.

SEE losses and the covering of those losses are macro incidents. The mistakes made by these organizations in the execution of their services are micro incidents. But these micro incidents are producing macro results. Consequently, officials must pay attention to these micro incidents.

9588

CSO: 3554/52

INDUSTRIAL DISTRICTS FAILING TO REACH EXPECTATIONS

Istanbul DUNYA in Turkish 4 Nov 82 p 4

[Text] Ankara--It was stated that Turkey's organized industrial districts have not achieved their objectives in the 20 years since they first came into being and that their total output is very low compared to the general level of industrial development.

A report on the issue prepared by the State Planning Organization [SPO] says that the main reasons behind the fact that the industrial districts have not served their desired purpose are lengthy construction times and mistakes in the selection of locations. The report also says that, contrary to forecasts, no inadequacy of resources were encountered and that expenditures made so far for organized industrial districts remain far below the allocations made for them.

Noting that regional balance and the planned and orderly development of urban areas were among the goals of the establishment of industrial districts, the report states that in practice none of these goals were achieved. The SPO report continues:

"Why have the industrial districts in Turkey not achieved their goals? Three different reasons appear to be the answer to this question: First, the fact that the locations of the industrial districts have not been correctly chosen; second, organizational deficiencies; and third, inadequate financial resources. The experience in Turkey shows that the first two of these factors are important problem areas, while the third is not a significant problem. The consistent excess of allocations over actual expenditures constitutes clear evidence for this assessment and points to financial organization problems rather than financing difficulties."

Referring to incorrect selection of locations for industrial districts as one of the most important factors in their failure, the report says that the districts were set up in places with inadequate local capital resources and an underdeveloped industrial potential and that administrative considerations were given higher priority than economic conditions in the selection process. The report says:

"The selection criteria for the locations of industrial districts must go beyond the province borders and must be studied in a broader framework. This change in approach is imperative for the establishment of industrial districts which will be related by or specialized in certain industrial disciplines."

The SPO report examines the issue of organizational deficiencies, one of the most important factors in the failure of industrial districts, under two broad headings: Legal deficiencies with problem areas such as indeterminacy of areas of responsibility and loopholes in regulations; and technical deficiencies such as problems arising from defective and inadequate feasibility studies, productivity drops and delays in infrastructure, construction and settlement. The report says:

"In the implementation of this concept in Turkey, enterprising companies were given a significant amount of authority and functions such as awarding contracts for the planning and construction of the districts and their infrastructure, evaluating industrial demand, deciding on industry types and standards, selling lots in the districts, managing and operating the districts, providing coordination and harmony among the industrialists working in the districts and insuring that the loans extended would be paid back. However, despite these important duties, the enterprising firms were forced to rely on internal professional discipline which, obviously, is very hard to achieve for any enterprising committee. Within the bounds of some flexibility, a binding character must be given to the functions assigned to the enterprising firms and particularly to their function of internal enforcement.

"Feasibility studies are often made after a piece of land has been allocated for a given district. After the piece of land is nationalized, it is often realized that it is very hard, even impossible, to have adequate supplies of water and energy in that area. The Denizli Organized Industrial District was abandoned for precisely this reason, and there were significant delays and cost overruns as a result of this situation in the case of the Cerkezkoy Organized Industrial District."

The SPO report proposes that the following steps be taken to rectify this situation:

"Beyond providing industrial organizations with industrial lots with built-up infrastructures, a binding approach on industry types must be taken particularly in developed regions. Industrial lots complete with infrastructure facilities must be provided to industrial organizations from different disciplines which ask for lots in regions with low demand.

"Different levels of incentives must be provided for industrial districts in different regions. So that while the financial contribution of the entrepreneur must be kept relatively low in less-developed regions, in developed regions, consideration must be given to raise the contribution of the entrepreneur and to shorten the time of repayment of the loans in order to create the effect of graduated incentives and to insure the faster return and reinvestment of public funds.

"Today, industrial units in Turkey which, by our standards, are defined as large industries are medium-size industries by international standards. Consequently, organized industrial districts must in principle be defined as targeted toward medium-size industrial organizations."

BAD DECISIONS CALLED REASON FOR WOOD, COAL SLUMP

Istanbul DUNYA in Turkish 27 Oct 82 p 5

[Text] A grave problem has arisen regarding both the purchase and sale of wood and coal. It is asserted that the policies pursued in the production of coal and wood and the decisions about sales reached by the municipality are the sources of the problem.

Behzat Firuz, a former chief adviser to the Ministry of Energy and Natural Resources, points out that coal production is lower than projected in plans even though it is above last year's production and that it is seen that most of the sales of coal that is obtained are not being conducted by merchants. Therefore, the purchase of coal and wood, which is 100 percent higher than last year, is creating various hardships on citizens.

Coal Situation

Through a decision reached by the Istanbul municipal government, the price of both charcoal and Gediz coal has been set at 5,400 liras per ton. It appears, however, almost as if sellers of wood and coal have discontinued the sale of coal. Those who do have coal are selling it for prices higher than the set price. On the other hand, the location of coal depots at a distance from urban centers and concentrated in certain places is another side of the coin. The fact that these depots are at a distance results in transportation problems for both the purchaser and the seller. Fuel merchants, who state that it is necessary to sell wood and coal together and that they have done this in past years, criticize the municipal government's decision and demand price supervision beginning at the mines. Coal sellers say, "We find it impossible to sell coal for 5,400 liras per ton when it is 11,000 liras in Ankara and the purchase price in Istanbul is 6,000 liras." They feel that the price of coal should be 7,000 liras per ton.

Huseyin Kahraman, who gave his views on the subject, states, "I purchase charcoal from the kiln for 5,500 liras. I pay 15,000 liras per month for the 500-square-meter site I rent. Even though I put in an application to build a shed at the site, permission was not even granted. How can I sell coal in the snow in the winter for 5,400 liras?" These coal sellers stress that they

prefer to sell wood because of this and that the sale of wood is low in comparison with that of coal.

In the meantime, it is reported that the sale of wood is the subject of almost identical complaints.

"Quote a Price of 9,000 Liras or Don't Sell"

Suat Yalkin, chairman of the Istanbul Fuel Sellers and Water Sellers Association, claims that the officially fixed price for wood of 6,400 liras remained the same for 2 years; that, because of an abundance of wood in past years, wood was sold at a price lower than the fixed price; and that work in behalf of the fuel sellers is underway to enforce the price of 7,800 liras officially set for this year. He states, "The municipality has given an example that it has abandoned appropriate pricing and sufficient profit through its municipal decisions."

However, a change has been made this year in the procurement of forest products from the Forestry Directorate General. The fact that products from Thrace are being sent out of Istanbul has had an effect on the price of wood. The decision to eliminate depots has, in effect, tied the hands of fuel sellers. This and friction between the municipality and sellers has resulted in sales at 9,000 liras despite fixed prices. Whereas Yalkin says that fuel merchants sell wood for 7,800 liras at 11 depots opened by the municipality, sellers state that they are experiencing difficulties and claim that wood is being sold at a price higher than the set price even at depots. Wood sellers who have joined together in cooperatives also corroborate these claims. While Mehmet Yaldiz, whose views on the subject were sought, defends the need to set the price of wood at 9,000 liras, Huseyin Ceylan states:

"We cannot sell wood at the price quoted by the municipality. Speaking candidly, we cannot earn enough money to buy food if we sell wood for less than 9,000 liras. In the meantime, we bear the costs of transportation to places within a 5-kilometer radius. We reach an agreement as to who bears the cost when transporting wood over 5 kilometers. Now, a citizen who purchases 500 kilograms of wood pays for the transportation. Therefore, even if he has the money, he does not purchase 500 kilograms. The wood is cut up outside the forest. Previously, it was done there, and we did not pay 200 liras per ton for this. A solution to this must definitely be found."

Validity of Statements

While merchants who talk about the subject at the municipal depots and at private wood depots such as at Besiktas, Yenikapi, and Ayazpasa emphasize that they need 9,000 liras per ton for wood and that it is impossible to sell it for a price below this, it has been determined that, at most places, prices are higher than those set. In places such as Besiktas, Levent, and Maltepe in particular where residents' incomes are high, wood is being sold for 9,000 liras per ton. This price is being paid even at depots regulated by the municipality primarily because customers do not want to wait their turn and is being charged in order to obtain a normal profit.

It is expected that the wood and coal problem, which, in itself, is evidence of dependency on coal and wood-burning stoves, will intensify as the weather worsens.

PRIVATE INDUSTRIALISTS DISCUSS FACTORY EMPLOYMENT

Istanbul TERCUMAN in Turkish 31 Oct 82 p 5

[Interview with Guney Industries Director General Dr Atilla Alptekin, BOSSA Industries Administrative Council Chairman Hacı Sabancı, and Arcelik Corporation Director General Unsal Anıl by Tulin Koksall]

[Text] While 299,000 persons were employed in industry when the nation was founded, today, a single factory in the private sector in Turkey employs 5,695 persons. This, too, is in spite of the negative conditions that have developed since 1974.

According to a study of corporations' 1981 activities conducted by the ISO [Istanbul Chamber of Industry], 13,500 persons earn a living at the three organizations in the private sector that provide the greatest number of jobs. Using our calculations, we come up with the figure that, since one worker supports a family of between four and five persons, these three factories of ours feed approximately 60,000 persons.

Experts, who assert that Turkey's unique potential is being given priority when evaluating Turkey's economic development, propose that our huge labor force, which is, for the most part, unskilled, be studied along with our climate, natural resources, and social-cultural structure. They report that, if several of our industrial branches that use the labor force intensively do so while taking measures to increase productivity, advantages and not disadvantages will be obtained from the large labor force.

TERCUMAN spoke with officials from the three industrial giants that employed the greatest number of persons in 1981 in private sector industry according to the ISO study. Officials reported that increasing productivity and reducing costs, with the stipulation that this does not lower the competitive edge at home or abroad, will lead directly toward use of full capacity and will ensure high employment.

Guney Industry Director General

The Guney Industry and Trade Operations Corporation with 5,695 employees was the private firm employing the largest number of workers in Turkey in 1981.

The BOSSA Trade and Industrial Operations Corporation was second with 4,466 persons and the Arcelik Corporation, third with 3,329 workers.

We talked with Guney Industry and Trade Operations Corporation Director General Dr Atilla Alptekin, who heads the company hiring the greatest number of persons.

TERCUMAN: How do you evaluate high employment from the standpoint of the nation's economy and the form of production? Do you take pride in high employment?

Jobs, Productivity Interrelated

Alptekin: To create the possibility of business places and jobs for people is one of the major goals, if not the most important purpose, of the economic battle we are waging as a nation and that we are obliged to win. However, employment must not be considered separate from production. We are compelled to seek high productivity together with high employment. Guney Industries, as one of the organizations that employs the greatest number of workers in our country, naturally takes pride in helping solve the unemployment problem. This pride will increase to the degree we increase our productivity. It is certain that increasing the number of workers without increasing productivity will only result in wasteful expenditures and in dragging the nation's economy into inflation.

TERCUMAN: Has the martial law administration's ban on dismissing workers had a negative effect on you?

Alptekin: No, it has not affected Guney Industries. We had about 5,400 employees at the beginning of 1982. Because production was halted for a period of time, this fell to about 5,100. When production resumed on 15 August, we began to take on workers again as capacity usage dictated. Our export contracts, which we attempt to meet in particular, render it imperative that we operate our production units at full capacity. Therefore, it is our goal at this time not to dismiss workers, but to maintain the existing labor force and increase productivity.

TERCUMAN: What percentage of total costs is the working force in the labor-intensive form of production? How does this percentage compare to that in the West?

Alptekin: The labor force's share in our total costs is about 25 percent. This is low in comparison with the same branch of industry in the West. However, if financing expenses are not taken into account, the labor force's share of industrial costs is about the same as in western nations.

TERCUMAN: Are you considering reducing the labor force through automation of your machinery? If so, how will you solve the problem of the financing burden?

Alptekin: We are not thinking about economizing by means of automated machines.

TERCUMAN: Your firm suffered a crisis because of the rate-of-exchange differential, and, for this reason, you took in new partners. What is your situation now?

Alptekin: The exchange-rate differential was not the only reason our firm halted production in June. A true analysis reveals that the real reason for the problem is that the opportunity to be financed by going into debt at interest rates below the rate of inflation (at negative interest rates, in fact) using private resources, which remained quite inadequate throughout the 1970's in comparison with the initial investments in the firm and with the volume of trade conducted by the firm, ended with the 1980 stabilization measures. Therefore, Guney Industries' act of raising private capital in September was a necessity that had been put off from preceding years. If sufficient private resources had been secured previously, this giant institution, which employs more than 5,000 persons and which has the potential to export goods valued at more than \$40 million per year, would not have fallen into this situation. The operation undertaken after reaching the point of halting production was successful from the standpoint of protecting and developing Guney Industries' employment and export capabilities.

BOSSA Chairman

We asked Hacı Sabancı, the administrative council chairman of BOSSA Industry and Trade Operations Corporation, which, with 4,466 employees, ranks second among firms in the private sector in regard to employment, to evaluate his company's high employment from the standpoint of the nation's economy and the form of production.

Sabancı: From the day we began efforts toward development, we have worked to make it known through various means that two basic elements in our nation are inseparable from one another. They are to make optimum use of the raw materials produced in our country and to open up jobs for the increasing population. We have done our best to choose areas when making our investments that will incorporate both these factors at the same time, and we feel proud that we have created jobs.

TERCUMAN: Has the martial law administration's ban on dismissing workers had a negative effect on you?

Sabancı: The way to prevent inflation these days when new investments are not being made is to increase production and to ensure that existing facilities operate at full capacity. This creates a situation, not in which workers are dismissed, but in which new workers are hired in order to put idle facilities into operation. In this respect, we have not been affected negatively by the martial law administration's ban on dismissing workers.

TERCUMAN: What percentage of total costs do workers make up in the labor-intensive form of production? How does this compare with the West?

Labor Costs

Sabancı: Looking at the direct and indirect benefits provided workers, in labor-intensive branches of business, the labor force accounts for 25 percent of costs. This is a bit higher than in the West.

TERCUMAN: Are you considering reducing the labor force by mechanizing? If you are, in this situation, how will you solve your financial problems?

Sabancı: It is not possible for industry to develop solely within the domestic market. We must also reach out to foreign markets. When reaching out to the world, we are compelled to use the technology, knowledge, tools, and machinery of our rivals. If we do not, we will have no chance of competing. We keep in mind, when making such investments, raising private capital as the only sound resource.

Arcelik Corporation Director General

We directed our questions regarding assessment of the nation's economy and high employment from the standpoint of the form of production toward Unsal Anil, director general of Arcelik Corporation, which ranks third in total number of workers, with 3,329 employees, among Turkish firms.

Anil: It is also necessary to bear in mind productivity as well as high employment. If we evaluate our facilities as a whole, we can feel pleased by the high level of employment we have achieved.

TERCUMAN: What do you have to say about the ban on the dismissal of workers?

Cost of Workers

Anil: The martial law administration's ban on dismissing workers reveals that operations have come to the end of economic retrenchment. If a firm has a labor force greater than its production capacity, it is natural for it to reduce it. The goal of modern economics is full employment. Therefore, the restriction of job opportunities for the labor force brings with it social problems. But, it is also necessary for firms to continue to exist while waging such an economic battle.

TERCUMAN: What percentage is the labor force of your costs?

Anil: Payments made to workers constitute 15 percent of total costs.

TERCUMAN: Are you considering reducing the labor force through the use of automated machinery?

Anil: Making the transition to technology-intensive industry is a development that is ultimately inevitable for firms. Nothing else will be able to be done from the standpoint of quality and productivity in order to compete with rivals on international markets.

Unemployment Insurance

This brings up the question, will unemployment be created? In my opinion, it will not, because there will be a change in the quality of the labor force that will create jobs. Skilled labor will be sought. If such a thing occurs over a long period of time, unemployment insurance will be a solution for Turkey. If we make a transition directly to mechanization, this risk must be borne by the nation and persons who are without jobs must not be left to face fate alone.

11673

CSO: 3554/39

PARTI QUEBECOIS SAID TO BE IN POLITICAL 'DEPRESSION'

Quebec LE SOLEIL in French 16 Oct 82 p B-1

[Article by Rejean Lacombe: "The Parti Quebecois: A Sleeping Giant"]

[Text] Since last spring, a kind of gloominess, which in some cases has turned into real depression, has undermined the fervor of Parti Quebecois (PQ) members. They are not running over with enthusiasm, to say the least, and without fear of exaggeration, one can even talk about a demobilization of the troops.

This political depression has even caused more than one PQ member to abandon ship. While the party could boast, a year ago, of having over 300,000 in its ranks, it cannot fail to be disappointed today over the loss of 100,000.

The holding of the annual general assemblies of PQ associations from mid September to 10 October, also gave a fairly accurate measure of the depressing climate now surrounding the PQ. The moroseness is remarkably similar to that shaking the Parti Quebecois at the end of 1978 and the beginning of 1979.

This phenomenon is joined by an element likely to worry PQ strategists. In the light of the holding of six PQ assemblies from the Quebec region, there was a noteworthy absence: Very few young people, traditionally the pride of the PQ, participated in the meetings.

What is more, on 21 September, as he visited the election district of Jean-Talon, Minister of Cultural Communities and Immigration Gerald Godin appeared before a nearly empty hall at the Francois-Xavier Garneau CEGEP [expansion unknown]. Only five students attended, despite numerous announcements made to the 3,375 students at the institution.

Participation

This defection has not only affected the young. In recent weeks, several PQ assemblies have not had the quorum required by party bylaws: 5 for every 100 members of the association.

In Quebec, two districts, Louis-Hebert and Charlesbourg, did not have a quorum. Other meetings began hours late because the leaders of the PQ association had to go after members to urge them to attend.

Le Saguenay-Lac-Saint-Jean, a PQ stronghold, has experienced a similar situation. Two associations were unable to attract the number of members needed to hold the assembly. Furthermore, the regional president of the PQ, Clermont Cote, stated that in a year, 3,000 members did not renew their membership in the Parti Quebecois.

In the Montreal region, the situation is a little less catastrophic. The president of the Montreal-Centre region, Andre Boulerice, reports that the quorum was barely met at several meetings.

For his part, the president of the Montreal-Ville Marie region, Andre Belanger, is happy to note that there is no dropoff in the 16 election districts that are included in the region. At his meetings, the quorum was easily attained.

In the regions of Mauricie and Estrie, there is no exaggerated enthusiasm among PQ members either.

Worries

These meetings clearly show that the members of the Parti Quebecois are worried and caught off guard by the current situation.

Naturally, the defeatism has been attributed to the loss on the May 1981 referendum, the economic crisis, the negotiations in the public and parapublic sectors and the holding of the "Rene-rendum" in January.

But that is not all. Lulled, even intoxicated, by the power takeover in 1976 and the 1981 victory, deprived of its best strategists, who have become Rene Levesque's main lieutenants in the government, the Parti Quebecois has become a fragile giant.

In the autopsy they make of the situation within the PQ, several PQ members do not hide their dismay. "We are attacked on all sides," emphasizes one member from Jean-Talon. "We must find new arguments for our party," another replies.

In Louis-Hebert, where the situation is worse than elsewhere because of the defeat in the partial election in the spring, the former president of the association, Bruno Leclerc, notes that the Louis-Hebert PQ association has aged: "The pre-1976 enthusiasm no longer exists," he says.

Another member goes further, predicting that "if we do not have the young people, we will not have sovereignty." Others speak apprehensively about a return to members, of the drafting of mobilizing proposals, the creation of a "new independence-type vocabulary," and so on.

A member for 60 years emphasizes the fact that the Parti Quebecois "no longer has anything to communicate to anyone." Another senior member is not comfortable in the PQ any longer. Somewhat nostalgic, he claims that the Parti Quebecois "has come in off the streets and we have to return to the streets."

The height of misfortune, Leclerc reports that the Louis-Hebert association had to have the telephone taken out in order to make both ends meet.

For his part, the former president of the Charlesbourg association, Andre Gingras, believes that it is "a year to forget." He thinks that the 8 December congress, at which Rene Levesque, head of the PQ, seemed to disavow the congress' positions on the matter of independence, played a demobilizing role.

Robert Thibault, president of the La Peltrie association, does not conceal the fact that the past year has not been easy. "In 1976 and 1981," he says, "we were red hot and did not talk of independence. The next election will deal with independence and will we mobilize? We have had to eat crow recently. We must regain the spirit we had before and become good salesmen of ideas."

A similar observation is made in Vanier, where the president of the PQ association, Jean Roy, speaks of a difficult year.

Mobilizing Proposals

But this examination of conscience of the PQ members immediately leads them to turn the page and dream of different ways of awakening the sleeping giant. It is stated that the party must no longer trail behind the government, that the party must give its members new arguments for defending the position of sovereignty, that the presence of the PQ on the federal scene may be a boost, and so on.

PQ leaders have already responded to these claims, for the most part. The PQ political organization center has published 30 notebooks entitled "Under Discussion," which could provide PQ members with "good arguments" for defending their position.

Within the context of mobilizing that should, in the minds of many members, serve as a catalyst, the holding of the next general election dealing with the sovereignty of Quebec shapes up.

In this national proposal, one sees the locomotive that should henceforth pull the PQ train. Nevertheless, PQ members secretly hope that the current economic crisis will not upset plans for that rendez-vous.

But for some, the machine is already in motion. Such is the case of the president of the Jean-Talon PQ association, Monique Cloutier, who says that the "election campaign is beginning now."

It remains to be seen whether all this will be sufficient to shake the apathy of the tired PQ members and awaken the sleeping giant for good.

Worst Has Passed

"We have gone through the saddest, the most depressing time," Paul Begin, president of the Parti Quebecois in the region of the national capital, states.

"There is a kind of demobilization resembling that of 1978-1979, with the difference that this time, it is stronger," says Clermont Cote, president of the Parti Quebecois in the Saguenay-Lac-Saint-Jean region.

Despite an apparent contradiction between these two accounts, the fact nevertheless remains that there is some agreement in the remarks made by four regional presidents whom LE SOLEIL questioned in recent days.

It is clear that the Parti Quebecois has experienced, if one is speaking of certain regions, or is now experiencing, in other regions, a growth crisis in which demobilization has become the enemy of the PQ.

It was not without reason that on 21 September, Marcel Leger, deputy from Lafontaine, who had just been thanked for his services as minister of environment by Prime Minister Rene Levesque, issued a "cry of alarm to all organizations of the Parti Quebecois in order to try to remobilize PQ members for the cause of independence."

This observation is joined by a scarcely veiled warning from the vice president of the PQ, Sylvain Simard, who discovered in mid September that "conformity and facility" threatened the Parti Quebecois.

Peaks and Valleys

In the Montreal-Centre region, which includes 17 election districts, President Andre Boulerice also notes that the situation is not good. "We do not have the participation we had a year or two ago."

He explains this form of demobilization as a result of the current economic context. "People are more concerned about their living conditions."

While the situation is far from rosy in several regions of Quebec, the fact nevertheless remains that for the president of the PQ of the region of Montreal-Ville-Marie, with 16 election districts, Andre Belanger, the region is an exception to the rule.

"Membership is quite strong," he observes. "The reason for our success is that we have dropped trivial matters and have decided to face political questions squarely. We are therefore motivating a lot of people."

For Paul Begin, president of the region of the national capital, which has 17 election districts, it was in the spring of last year that the PQ in the Quebec region experienced its most difficult moments. "People were depressed. This fall, it is not the same thing. The atmosphere has changed," he explains.

As for the young people who are increasingly deserting the PQ, Begin attributes the situation to the current economic context, in which young people have difficulty finding jobs. "Our job is to find a message of hope for the young people so that they will come back. They are ready to be members of the PQ. What they need are outlets. We must find solutions to this problem or it will be serious, not only for the party, but for all of society," he says.

National Proposal

But these four regional presidents are agreed on the same objective. For them, the next referendum becomes a kind of lifebuoy, a catalyst that will bring PQ members back to the fold.

If Marcel Leger comes forward to revive the independence flame, Montreal representatives rejoice, while the representative of Quebec considers that it is not necessary to resort to the deputy from Lafontaine.

"If I had not felt that desire for resuming the struggle in the party, for backing Paul Begin, I would agree to accept such an offer. It is not necessary for someone to come from the outside to revive the flame."

While recognizing that it was somewhat normal to have a kind of slump between two elections, the president of the region of Saguenay-Lac-Saint-Jean, Clermont Cote, clings to the chance of the next election in order to whip up the enthusiasm of members. "This referendum will have a positive effect," he says.

Andre Boulerice also demonstrates great optimism. "The peak time is on the eve of an election. Next year, there will be a return of PQ members."

11,464

CSO: 3619/14

YOUTHS VIOLENTLY PROTEST AUSTERITY MOVES; ELDERS BACK CUTS

Left-Socialist Chairman Views

Copenhagen BERLINGSKE AFTEN in Danish 5 Nov 82 pp 1, 11

[Article by Helge Kristensen: "Formerly It Was the Germans; Now It Is Debts"]

[Excerpts] The ordinary strikes and demonstrations in connection with the government's emergency intervention were of more modest dimensions than on previous occasions. What will remain in people's minds over the long term in an unobtrusive action which was started by a teacher and writer on Fyn--a campaign to collect signatures in support of the government. The operation provides a view of middle-class Denmark. People will certainly also remember the raids by young activists on restaurants in Copenhagen, where they seized things in protest against their hopeless situation.

The strikes concerning the new nonsocialist government's emergency laws were a repetition of history to a large extent--but in a more modest form. During the period from 6 to 25 October 1982, 40,000 or 45,000 workers went on strike, while 69,000 stopped working in connection with the St Bede's Day agreement in 1974, when the Liberal Party was running the government.

Although the whole thing nevertheless appeared quite formidable to television viewers recently, that was probably because the strikes were spread out over a period of 9 days. A corresponding pattern was in evidence where demonstrations were concerned.

Something that is new is an entirely different kind of demonstration--specifically, that the so-called silent majority, or the nonsocialist grass roots, if one will, are getting into motion. People who, in the main, customarily only demonstrate by voting on election day are participating in meetings regarding the constitution in moderate numbers, are writing letters to the editor or are sending a few lines to the Queen. The action of the nonsocialists is being carried out by the primary school teacher and publisher Poul A. Jorgensen from Harby pa Fyn, but in actuality it is certainly a large section of the population which has discovered something it has been lacking--a catalyst.

The demonstration is a nationwide process of collecting signatures in support of the government under the slogan "Support Denmark." It is still going on.

The BZers

On an entirely different front, the protest demonstrations against the government were followed up by an "assault" by young activists, the so-called BZers [expansion unknown], on food and drink, among other things, at the Hotel d'Angleterre in Copenhagen and at a birthday reception of the daily newspaper POLITIKEN. They went back there when they got permission to write a feature article to be published in that paper. WEEKENDAVISEN asked one of the leading personalities in the left wing, Folketing member Preben Wilhjelm (Left Socialist Party), who often speaks at rather large ordinary demonstrations and not infrequently expresses sympathy for extraordinary demonstrations, for his opinion of the BZers' behavior.

He said:

"Denmark is a stable, or a rather inert, society. All groups within the population are hard to get moving. There are no revolutionary traditions here such as there are in France and Poland. When there is somebody who does something such as going on strike, engaging in a rental boycott or conducting a signature-collecting campaign, he does so because something or other is wrong. The stupidest thing a politician or journalist can say is that those who are carrying out the action have succumbed to some kind of demagoguery. When one reacts vigorously it is because conditions have changed. And there is a group within the population which considers it vitally important to get some of its problems changed. And so I think that those who are responsible should look into the matter. Ten years ago the number of people occupying buildings illegally was much larger than it is now. But when Helge Nielsen got a paragraph accepted which gave homeless young people permission to live in empty buildings without the usual provisions for tenant protection, the tempests in the slums disappeared. We also saw how the rental boycott, the participants in which consisted of nonsocialists who merely felt themselves being forced into a corner, to a large extent, came to an end when a fairly reasonable graduated-scale arrangement for safeguarding pensions and housing was introduced. Now, when we see the young people charge in and help themselves in the d'Angleterre, for example, I do not think it is wise to take it as an accidental incident where someone got out of line. Young Danes do not customarily behave that way. They must have big problems which they want society to help them with. The nucleus of the BZers consists of young unemployed persons from Norrebro, and thus there are sympathizers. The BZers clearly differ from the majority of the unemployed and homeless in that they react politically. They do not sit and twiddle their thumbs. If they did that, they might do what many people do and become addicted to alcohol or drugs and consequently enter upon a life of crime. One of the best things about the BZers is the fact that they talk with the people with whom they have problems. In fact, we also have had attempts at joint actions by retired officials. Retired Danish officials have not changed. It must be their condition which has changed." Preben Wilhjelm reverted to the young people, as follows: "They have come up against educational barriers and employment barriers, and they can be homeless. They have not had privileged childhoods and adolescent years. Thus, it can be said that it is extremely dangerous when people take the law into their own hands. That goes against our democratic system. It is absolutely necessary that one should defer to the decisions of the majority. But also included in my view

of democracy is the idea that one must not make use of the decisions of the majority to oppress a minority and place unbearable burdens on it. In the American Declaration of Independence, it was stated that the people have an obligation to revolt if the rulers make use of their authority in a way that is not reasonable."

Police Inspector Niels Jensen, of Polich Station 1 in Copenhagen, certifies that none of the young people he had been in contact with during the actions against the d'Angleterre and POLITIKEN, etc, had been drug addicts, alcoholics or criminals. "Unfortunately, what we saw on the occasion of the occupation of a building on Abel Cathrines Gade, when the neighborhood was infiltrated within a short period of time, happens once in a while. But one cannot blame the leaders of the actual actions for that," Inspector Jensen said.

Poul Jorgensen is of the opinion that the formation of the nonsocialist government meant the birth of a state of optimism, and especially with respect to this country's chances of getting out of its economic mess--and primarily where foreign debts are concerned. But that will mean that sacrifices will have to be made.

Poul A. Jorgensen was one of those who opposed entering the Common Market. At present, his attitude toward the EC continues to be skeptical. He has respect for anyone who regards himself as a European, but he does not care for the shopkeeper type of mentality.

The Silent Majority

He considers the reactions to his collection of signatures as providing a view of the big silent majority.

An 81-year-old who walks with difficulty collected 100 signatures in 2 days. A bedridden individual asked for a list. The person in question said, "I will get it passed around until it comes back to you, filled up."

A desire for lists was expressed by various secondary schools. "We organized it with a representative in each class, and in my class 19 out of 23 students signed," it was reported from a secondary school in Jutland. An individual from Zealand said that he and his comrades wanted to organize themselves by twos and take up stations at shopping centers.

The Middle-of-the-Road Group

People from all occupations have reacted favorably and an impressive number of old-age pensioners did so too. However, it is independent businessmen such as farmers and the owners of stores, as well as people from the professions, who form the nucleus. Poul A. Jorgensen points out that independent businessmen often can be characterized as was done by a woman who said, "I am a charwoman, and both my husband and I want to sign. He is an independent businessman, but I go out to work from 0500 to 0800 and make more per hour than he does. He works 18 hours out of the 24." Many of Poul A. Jorgensen's teacher colleagues are involved, and so are a number of social workers and educators.

But there are only two well-known names on the lists at the present time.

Politically, the scale extends--with a few exceptions--from the Social Democratic Party to the Progressive Party. In regard to geography, the most important areas are Fyn and Jutland, but Copenhagen and North Zealand are also well represented.

Poul A. Jorgensen is not blind to the fact that the silent majority to which he has appealed has the word "reactionary" standing above it in invisible lettering in the eyes of many. In that connection, it pleases him that, on the whole, no xenophobia or hatred toward any group has been expressed in any of the appeals he has made. Where anger was expressed, it was done, generally speaking, with respect to organizations and demonstrations in the spirit of one who says, "Now it has to be our turn to bang on the table."

Poul A. Jorgensen does not think that the children of members of the middle class who affiliated themselves with the left wing constitute the smallest group. Indeed, they were discovering a new place where they could take up a position since they were not getting intellectual nourishment at home. One should not disregard the young people's problems. The terrorists down in Europe are the hard core of those who were disappointed over the young people's uprising at the end of the 1960's, he thinks.

In regard to Poul A. Jorgensen's initiative, Doctor of Social Sciences Erik Høgh, an assistant professor at the University of Copenhagen, says:

"It strikes me as something that is genuinely Danish. The Danes are all in agreement about the way we gladly pay taxes to take care of those who do not manage for themselves. On the other hand, we are not fond of tyranny by organizations. As far as I can see, he has hit the bull's eye. The idea of only collecting a pile of signatures is what we called 'fat' in '68. He knows that there is a healthy undercurrent in Denmark, and he wants to bring it to the fore. It is a funny idea where communication is concerned. The studies we have carried out show that he is right, too. To a great extent, the people are willing to pay the bill, even if it is a painful process.

Pro-Austerity Movement Gaining

Copenhagen BERLINGSKE TIDENDE in Danish 27 Nov 82 p 3

[Article by "Helle": "One Hundred Thousand Signatures for 'Support Denmark'"]

[Text] The popular "Support Denmark" action which was set in motion by the writer Poul A. Jorgensen on Fyn came close to collecting about 100,000 signatures in the course of a period of 5 weeks.

Simultaneously with the collection of signatures, money was also collected. Most of it was in small amounts, but in spite of that they had obtained somewhere between 130,000 and 140,000 kroner.

The signatures are in support of the nonsocialist government, and the signers declare their willingness to make a sacrifice to get Denmark back on its feet again.

Gitte Jorgensen, the wife of the writer Poul A. Jorgensen, states that a seminar will be held at the retreat in the Logum convent the first weekend in December where they will discuss what actually has been set in motion in the population by means of this signature-collecting campaign.

Some of the money is to be used to work out some kind of a conclusion that will be sent to the collectors of signatures. "We hope that will get people to keep on working and not fall back into the ranks of the silent majority," Gitte Jorgensen says.

9266

CSO: 3613/26

SCHLUTER DEFENDS ECONOMIC POLICIES, ASSERTS JORGENSEN TIES

Stockholm SVENSKA DAGBLADET in Swedish 2 Nov 82 p 5

[Article by Elisabeth Crona]

[Text] Copenhagen--"We may last from 14 days to 2 years, but we will not call for new elections in the near future." This was stated by the new Danish prime minister Poul Schluter in an interview with SVENSKA DAGBLADET.

He also said that his four-party government--the most recently formed government in Europe--intentionally had taken firm action from the very beginning--and made enemies on all sides.

It has been a long time since there has been a conservative prime minister in Christiansbor. "They say I have waited 81 years," Poul Schluter laughed, over coffee and hot cheese sandwiches.

He sat up in his chair and continued: "The Conservative Party must acknowledge this, but we have been extremely patient."

"As you in Sweden also know, the other parties like to put the conservatives in a certain position on the political scale. We are not satisfied by that."

"A conservative party must avoid isolating itself. It must keep in touch with the other parties--with everything and everyone."

Poul Schluter calls his government "nonsocialist-liberal."

How does he describe himself?

"As a moderate politician. I never have been a fanatic."

A pragmatist?

"Yes," he said hesitantly. "I am a pragmatist in the sense that I always have felt the need to understand my opponents and get along with them."

Close Ties To Anker

It is said that you have close ties to your predecessor, Anker Jorgensen (Social Democrat). Could you conceivably form a broad coalition government with the two large nonsocialist parties, the Conservative Party and the Liberal Party, along with the Social Democrats?

"I proposed just such a government many times during the past 5 years--in order to avoid the economic catastrophe that now has come about. The Social Democrats were against it, however."

"It is true, however, that I get along well with Anker Jorgensen. We understand each other, both when we agree and when we disagree."

Instead, Poul Schluter now heads a minority government.

"That causes constant problems," he said.

How long can you last?

"From 14 days to 3 years."

Election Time Bomb Ticking

Danish papers have written recently that an election time bomb is ticking under Schluter's feet and that he may call for new elections as early as next week.

"We have made a good start. We do not plan to call for new elections soon," he said. "We are negotiating with the other parties which, of course, is extremely difficult. After all, there are four government parties and, in addition, we must have the support of two other parties to gain a majority."

How does it feel to be dependent upon Nils Helveg Peterson (Radical Liberal Party) and Mogens Glistrup (Progressive Party)?

"It makes our negotiations extremely difficult."

Creating a balance in the economy is the primary objective of the new government's program.

"Often," Schluter explained, "when a new government is formed, it starts slowly and gradually puts its program together in bits and pieces. We intentionally chose the opposite path."

Enemies On All Sides

"Instead of tackling issue after issue and slowly making enemies with one group at a time, we chose to make all our enemies at once."

"And we succeeded!" he laughed.

"They also admire us, however."

What do you think of the demonstrations against you and your government?

"There are two points of interest here. One is that the demonstrations have been orderly. The other is that they have been much smaller than those we experienced under the Social Democrats."

"We must not give in to them. They help people let off steam, which serves a certain purpose, but they are of no great significance. The opinion polls are more representative."

"According to a survey in JYLLANDSPOSTEN, every proposal we have presented is supported by a majority of the people." (In addition, the conservatives' own figures, which Schluter did not mention, increased to 26 percent, according to the Vilstrup Institute. They received 14.5 percent in the election.)

Nevertheless, Danes must be smarting from the harsh cutbacks they have experienced and will continue to experience?

"It is difficult to admit, but the Danish economy is so far out of balance that we must take drastic measures. Denmark has a much higher debt and deficit than Sweden and a much higher unemployment rate--about three times as high."

About To Die From Interest Payments

"The national debt is about 350 billion. That amount requires annual interest payments of 41 billion. As a society, we were about to die from interest payments. At the same time, growth has stagnated."

"For this reason, we were forced to take drastic steps. Things will be worse in 1983 than they were in 1982 and 1981. We must recognize this and admit it honestly. We have done so."

"Our main principle for saving money is to eliminate all automatic increases. All increases tied to the cost-of-living index will be eliminated. That will help reduce inflation."

What do you think about the government in your neighbor country, which also took drastic and rapid steps to solve its economic problems?

"I believe the 'Palme devaluation' expresses two things:"

"Palme is trying to export Sweden's problems to its neighboring countries."

"The real problems are not solved by a devaluation. It is merely a cosmetic measure and major devaluations soon are eaten up."

EC Contacts Important

You are on your way to another neighboring country--Norway--where your fellow conservative Kare Willoch is prime minister. What significance does this have for Nordic cooperation?

"My first state visit is to Norway because the Norwegian government was the first to invite me. Later I will make many trips abroad. There is a European summit meeting in Copenhagen on 3 and 4 December and I will be chairman. That requires careful preparations. In this connection, I will visit England, France, and West Germany. I am happy to begin in Scandinavia, however!"

"Denmark is at home on both sides. This is an advantage to us, but also to the other Nordic countries. It is important to others that we have EC connections and obtain information from the EC. I have never seen that as a conflict."

The government's declaration stated that it would become easier to be a Dane--a promise that has been used often against the government's cutback proposals. What do you mean by this statement?

"Denmark has become excessively bureaucratic, which inhibits people. Because of the bureaucracy, they cannot develop their potential, which leads to stagnation and frustration. We will eliminate all the troublesome regulations that have paralyzed our society."

9336

CSO: 3650/44

SORSA STATEMENTS SPARK ANGRY START FOR ELECTION CAMPAIGN

Stockholm SVENSKA DAGBLADET in Swedish 24 Nov 82 p 5

[Article by Jan-Anders Ekstrom]

[Text] Helsinki--The campaign leading up to the Finnish parliamentary election in March started off with an unexpected Social Democratic shove that produced great indignation in nonsocialist circles.

At this point the debate is centered on whether or not it is appropriate to make use of the constellations of the presidential election in the struggle for parliamentary seats and government power.

It was Prime Minister Kalevi Sorsa, the Social Democratic Party chairman, who abruptly started the whole thing with an attack on the nonsocialist coalition efforts in a speech to the Social Democratic Party Council a few days ago. Referring to some positions taken in the past by the Center Party and the Conservative Party, he came to the conclusion that they are striving for a nonsocialist or at least a nonsocialist-dominated government after the parliamentary election. At most, the Social Democrats would be offered the position of a kind of "third wheel" in that government, he said.

On the basis of this analysis, Sorsa accused the nonsocialists of trying to "cancel" the results of the presidential election, of wanting to "isolate the president from his voters" by excluding the Social Democrats and the People's Democrats from the government.

The SDP [Social Democratic Party] chairman then made things even worse with a clear insinuation that the chief of the National Bank, Dr Ahti Karjalainen, would be the prime minister and guarantor of foreign policy in this nonsocialist government. Sorsa took Center Party member Karjalainen's response to Conservative Party officials this spring as an indication of this. According to Sorsa, Karjalainen indicated then that an agreement could be reached on a government basis--"as long as the right people are selected."

Sorsa ended by saying that for its part, SDP is ready to enter into government negotiations with no other absolute prerequisite than that the government coalition after the national election must continue to support President Mauno Koivisto's activity opportunities.

The SDP chairman's speech set off a very indignant reaction in nonsocialist circles. In a spate of more or less agitated statements, people protested mainly against Sorsa's attempt to involve President Mauno Koivisto in the election campaign on the Social Democrats' side. Koivisto is now the president of all the people and it is wrong of the Social Democrats to try in this way to hold onto the voters who supported him in the presidential election, they said. According to several commentators, the president himself should reject publicly any involvement in the election campaign.

And no one wants to exclude the Social Democrats from the government in the future--on the contrary.

The Conservatives and members of the Swedish People's Party in particular--the Center Party leadership was lying very low on this point--also emphatically rejected the suggestion that the renowned presumptive "dark horse" of the presidential election, Ahti Karjalainen, had even been considered as a candidate for prime minister. Conservative Party secretary Jussi Isotala directly dismissed Sorsa's hint of this as unfounded "scare propaganda."

In practice it was probably the reference to Karjalainen that aroused the greatest dismay among the nonsocialists. It became apparent during the presidential election that Karjalainen is anything but popular among the members of the public. And his popularity has certainly not increased any since he was forced to take sick leave for a month due to his problems with alcohol following a very shaky effort in the devaluation talks. It is true that he has now returned to service and has promised to stay sober, but as a candidate for prime minister he is probably not the most desirable figure even for nonsocialist voters.

On the other hand there is a certain logic in speculations that Karjalainen is precisely the man who might be needed as prime minister in a hypothetical nonsocialist government or one strongly dominated by the nonsocialists. Such a government more than any other would need people with good and established relations with Moscow and from that point of view, Karjalainen is still in a class by himself on the nonsocialist side.

Already in this early stage of the election campaign, several observers are inclined to think the next government will consist of the Social Democrats, the Center Party and the Swedish People's Party following the March election. In that case, the only change compared with the present situation would be that the People's Democrats/Communists would be left in the opposition. Their participation in the government continues to present a severe hindrance to restoration of internal party unity. Therefore the Finnish CP would probably profit from a period in the opposition. At this point no one seems to know how the Conservative Party, which is unlikely to make insurmountable demands, can be shut out. We can hardly expect clear answers to this and many other questions until the parliamentary election is over.

6578
CSO: 3650/63

REFERENDUM TO MEASURE CITIZEN DISSATISFACTION URGED

Paris LE MONDE in French 10 Sep 82 p 2

[Article by Alain Tranchant*: "Toward a Referendum"]

[Text] Without the French people really being aware of it, France is preparing to experience a political crisis unprecedented in the Fifth Republic.

Here we have a head of state elected, and soundly elected, a little more than a year ago. We have a National Assembly which gives the government an unexpected parliamentary majority. We have an authority which has all powers at its disposal and is, consequently, fully responsible for what it does and which does not have, as in other times, the weakness of institutions as an excuse.

There we have a people, the French people, who are rebelling against the absolutism of government leaders: metalworkers who burn a chateau, bosses who stop trains, angry farmers, and winegrowers, in short, a feeling of popular discontent which is expressed each Sunday in the partial elections organized throughout France.

On the one hand, there is the legal country; on the other there is the real country. The image is not new. What is new, however, is the fact that the political influence issuing from the ballot box is so rapidly undermined. Alas, how the legacy has been squandered! Between the "state of grace"--already the distant memory of a sublime surprise--and the "state of disgrace," the authorities learn every day that "however sweet the dreams may be, the realities are there" (Charles de Gaulle).

On the occasion of one of his rare and hasty trips to the provinces, Mr Mitterrand, who would benefit from keeping in contact with the country and crowds and who would profit very much from listening to the anger which is rumbling, explained briefly that he was "fulfilling his contract."

While in opposition, the Socialists and their leader spoke and wrote a great deal. But nowhere does one find in their declarations, that is, in their contract, anything about the increase in the number of unemployment, and the

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decrease in their benefits; the freezing of salaries and revenues; the freezing of certain prices; the increase in the VAT (value-added tax), which was supported at first by entrepreneurs, merchants, and craftsmen; two devaluations of the franc; an increase in income taxes; the unemployment insurance paid by civil servants; and...France in a state of bankruptcy.

In their election promises, the Socialists and Mr Mitterrand talked only of "changing life," while their Communist confederates talked of "making the rich pay." Today, the French people are discovering, to their stupefaction and disappointment, that "changing life" meant only "lowering the standard of living" and that "making the rich pay" meant "making everyone pay."

The French people were promised easier and better times in a world without problems. Today we hear nothing but predictions of austerity and the prospect of "terrible years" ahead. A bad alibi for a bad government!

Scornful of the realities, government leaders had announced economic retrenchment and are organizing a policy of deflation that they dare not call by its proper name.

In an interview in L'EXPANSION (4-11 September 1981), Mr Delors had very imprudently affirmed, "Two million unemployed will be a peak figure, if we are successful." However, failure is obvious, and the authorities, in complete disarray, give the impression of being in command of a ship which is no longer on course.

Why should it be astonishing if the passengers, victims of a "stop-and-go," freehand navigation, manifest some signs of worry and prepare to ask the captain for an accounting.

Municipal elections will take place in several months. They will be very politicized, and the French people will vote "for" or "against" the current Socialist-Communist experiment. Nothing else explains the "change" in the manner of balloting, which is intended to transform defeat into victory, because the Socialist party will have elected officials tomorrow where they did not have any yesterday....

Following these elections, which all indications suggest will be translated into an historic rout for the Socialists, the division between the legal country and the real country will be underscored. The elections will highlight the flagrant inability of the Socialists to direct the affairs of France and will emphasize their intolerance, which contributes to dividing the French people.

Because he was elected under one "contract" and because he is carrying out another, Mr Mitterrand should consult the French people. We know that General de Gaulle, by means of the referendum, periodically checked the presidential pulse to see if the French people's confidence in him was maintained. Thus, he left office for the last time, on 27 April 1969, in the belief that he had "chosen democracy and the Republic."

Despite the risks and possible accusations of conducting a "permanent coup d'etat," a charge he applied easily to General de Gaulle, Mr Mitterrand should give the floor to the sovereign people and hold a referendum.

The best interest of France, which is the only thing that counts in the long run, demands that we prefer the democratic way of referendum to the change of procedure set forth in Article 16.

FACTIONS, INFLUENCE GROUPS WITHIN PASOK IDENTIFIED

Athens I VRADYNI in Greek 15 Nov 82 p 7

/Exclusive article by Titos Athanasiadis: "A New Balance of Forces Within PASOK"/

/Excerpts/ One year after PASOK assumed power, its internal forces have undergone such restructuring that one can speak about a new balance that has no relation with the one that was established after the 1981 elections. Many events contributed to the change in the correlation of its internal forces during PASOK's first year of governing the country. The complete supremacy of Mr Papandreou in the Movement has resulted in the strengthening of the group that operates around him in a decisive manner and to an extent that the party is in large part controlled from Kastri /the prime minister's villa/ where the number one behind-the-scenes personage is Mrs Margarita Papandreou and from the directorate of the prime minister's office where the authority of Mr Andonis Livanis is unquestioned.

The passing of many bills of political content and, indeed, following battles with the opposition, has resulted in the prominence and strengthening of the Gennimatas-Tsokhatzopoulos couple.

Each one of the above, however, is said to be heading up a specific group. And if PASOK had not suffered the "wounds" it did with the dissension of Mr Ar. Bouloukos and Mr D. Khondrokoukis (who were in the end expelled), as was the case of many other of its deputies over the abolition of the candidate preference cross, and if it had not suffered such losses in the municipal elections, the strongest group, the one coming after the "Kastri" group, would have been the one of Minister of Interior G. Gennimatas.

Who Collects the Damage

Of the two cooperating groups (Gennimatas-Tsokhatzopoulos), the former presently appears to be the stronger. However, because of the nature of the ministry headed by Mr Gennimatas and because of the role which he himself plays in the government as well as in the party, this PASOK cadre is exposed more to possible errors and "open" to criticism. Consequently, the danger of damage to him is greater. Moreover, he has already suffered some damage and his authority was diminished following the results of the municipal elections.

On the other hand, Mr Tsokhatzopoulos has suffered very little damage. And yet one would have expected that because of the responsibility of the ministry he heads [Ministry of Public Works] in the area of environmental pollution and especially living conditions in Athens, Mr Tsokhatzopoulos would have been damaged and consequently his influence would have diminished. That, however, did not happen. Indeed, all the damage has been suffered by Minister of the Environment Tritsis who is also considered...or is allegedly considered as about the only person responsible for the tragic situation prevailing in Athens from an environmental and traffic aspect.

Those well in-the-know about PASOK's behind-the-scenes activities maintain that all of this is not fortuitous. The Movement's "establishment" and especially "Kastri," want to help "Tsokhatzopoulos in the battle of the succession."

The preference for the time being of the minister of public works is also strengthened by the fact that Mr Tsokhatzopoulos is highly regarded among socialist international circles (with which PASOK works closely even though it has not joined it), and, above all, among the German social-democratic party (SPD) circles.

The government's reorganization last summer was also an event that influenced the correlation of PASOK's internal forces.

The entry of Mr Arsenis into the government, together with his being entrusted with the fate of the overall economy of the country, contributed in creating a new influence group, even though he himself, initially at least, did not appear as an individual with political ambitions. Today, however, no one can maintain that Mr Arsenis does not have political ambitions. He himself has brought into the government and state apparatus old colleagues and friends, such as Mr Vaitzos (deputy minister), Mrs Louka Katseli (president of KEPE [Center for Planning and Economic Research]), as well as his brother, Mr Vikendios Arsenis (president of the Greek Weapons Industry).

Moreover, Mr Arsenis is a person with influence who has good relations with circles in the superpower country on the other side of the Atlantic --a reason that make both Mr Gennimatas and Mr Tsokhatzopoulos, and especially the former, insecure about the future.

Another event that contributed to the upset of the old balance of forces within PASOK was the selection of Mr Alevras as president of parliament. This position requires avoidance of any strong involvement in party matters. And Mr Alevras, who is obliged not only to appear but to actually be outside of party rivalries as one major aspect of his activity, without at the same time this meaning that he is above parties or that he is not many times influenced by the president's chair, has seen his party influence, in a strict sense, being diminished.

In fact, the Alevras group, that was all-powerful before the 1981 elections, has weakened a lot in the 1 year that PASOK has been the government.

Finally, the concentration of all authority in the hands of the prime minister and of the ends of all party threads in the prime minister's office and Kastri has weakened primarily the collective organs of the party apparatus.

All know that the executive office has finally stopped functioning as before. In fact, it is being said that the purpose of making all its members ministers was precisely to weaken it as a substantial center of power. It is being said that Mr Papandreou intentionally made ministers of all the members --except one-- so that only one would become unquestioned captain in the party.

As for the central committee, only its shadow remains since it has not convened in months. The same can be said for the parliamentary group, which is closely controlled by Mr A. Livanis, the all-powerful head of the parliamentary group (DIKO /Democratic Party/), which has met only twice within a year's time, and then only to hear Mr Papandreou.

These changes influenced the PASOK groupings that function as communicating vessels in a decisive manner and to an extent that significant rearrangements have come about in the persons that are close to them.

On the basis of select information from within PASOK ranks, the new structure of the groups, with both parliamentary and non-parliamentary cadres, after 1 year of PASOK rule and especially after the municipal elections, is as follows:

The Leading Group

This group is headed by Mrs Margarita Papandreou and includes deputies and cadres that belong to Kastri (Andreas and Margarita Papandreou). Specifically, this includes Minister to the Prime Minister Koutsogiorgas, Minister of Merchant Marine G. Katsifaras; Mr A. Livanis, director of the prime minister's office and son-in-law of the prime minister; and Mr Th. Katsanevas, president of OAED /Labor Force Employment Organization/.

It is the strongest group from the standpoint of numbers, participation in authority and influence on the party and the party apparatus.

It is believed that the following belong to this group: Th. Maroudas (deputy minister to the prime minister), D. Koulourianos (minister of finance), I. Koronaios (state deputy), Liza Khristoforidou (deputy, wife of Minister of Social Insurance Veryvakis), R. Kaklamanakis (deputy minister), E. Kouloumbis (minister of energy), K. Varfis (deputy minister), D. Pagouropoulos (chairman of PASOK's disciplinary council), I. Papanikolaou (economic advisor to the prime minister), P. Moralis (deputy minister), Ap. Kaklamanis (minister of education), Vaso Papandreou (president of EOMMEX /National Organization of Small-Medium Size Enterprises and Handicrafts/), Nora Katseli (deputy), El. Veryvakis (minister of social insurance), M. Kyriotakis (deputy minister), E. Giannopoulos (minister of labor), St. Panagopoulos (director of the National Bank), Gr. Kasimatis (secretary general of the Ministry of National Economy),

Athina Katsafadou (Piraeus councilwoman), Melina Merkouri (minister of culture), V. Saranditis (secretary general of the Ministry of Merchant Marine), P. Kritikos (third vice president of parliament), K. Laliotis (deputy minister), P. Tsovolas (deputy minister), Giorgos Papandreou (deputy and the prime minister's son), As. Fotilas (deputy minister), G. Papanagiotou (secretary general of the Ministry of Labor), G. Solomos (deputy), Papathanasiou (secretary general of the Ministry of Agriculture), Andoniou (director of the Atomic Energy Committee --"Dimokritos") as well as his wife Khrysanthi Laiou (adviser to the prime minister), Georgiadis (deputy minister), Ioan. Papadopoulos (deputy), Sapoundzis (deputy and president of the KTE /Applied Technology Center/), Kalliopi Bourdara (chairwoman of the welfare organization), Mariana Koutsi (press office cadre and Mr Maroudas' sister), I. Skoularikis (minister of public order) as well as Mr Tzouvalis (director of the civil aviation service) who is influenced by him, Mitropoulos (special adviser to the minister of labor who is directly influenced by Mr Katsanevas), Gikonoglou (deputy minister), N. Skoulas (secretary general of the EOT /Greek Tourist Organization/), M. Drettakis (deputy and former minister), I. Kapsis (deputy minister), G. Liannis (minister of research and technology), Kourtis (chairman of the permanent Salonica exhibition), St. Kostopoulos (press secretary general), G. Tsaparas (deputy), Kar. Papoulias (deputy minister), V. Vasilikos (deputy director general of ERT /Greek Radio and Television/), Dim. Dimosthenopoulos (deputy minister), G. Romaos (ERT director general), And. Tritsis (minister of environment), Triaridis (former central committee cadre), X. Peloponnisios (secretary general of the Ministry of Finance), Foundas (deputy), Stathis (deputy), Kiosklis (secretary general of the Ministry of Commerce), P. Zakolikos (deputy minister), F. Koutsikas (deputy), Terzis (mayor), Mousouris (director of ETVA /Hellenic Industrial Development Bank/), Mortzos (former director of YENED /Armed Forces Information Service/), Alexiadis (deputy), Sisouris (IKA /Social Insurance Foundation/ director), and S. Valyrakis (deputy minister).

The Alevras Group

The following are well-disposed to the president of parliament: Alexandris (deputy and former minister), Papailias (deputy), Diamandidis (deputy), Papaioannou (deputy), Kokkinos (former secretary general of the Ministry of Merchant Marine), Sekhiotis (deputy), Akrivakis (deputy), Zervos (deputy), Stefanidis (first vice president of parliament), Matrangas (deputy), Ballas (secretary general of parliament), Psarrakis (OGA /Farm Insurance Organization/ director), Dariviannakis (deputy), Koliouis (deputy), Papathemelis (deputy minister), Manavis (mayor of Salonica), Karras (deputy), Loulis (deputy), Katsaros (deputy minister), Sp. Rallis (deputy), Marinidis (deputy), Natsinas (second vice president of parliament), I. Pottakis (deputy minister of national economy), Valvis (deputy), Agorastis (deputy), Katopodis (deputy), Maliakas (deputy), Siganidis (nomarch), Anthopoulos (deputy), Intzes (minister of northern Greece), Tsirimokos (deputy), and Papastratis (deputy).

The Gennimatas Group

Many deputies are continuing to be well-disposed to Minister of Interior Gennimatas but it is not unlikely that they will gradually abandon him whenever the disfavor into which he has fallen becomes definitive. The following are included in this group: Messrs Papaioannou (deputy minister of interior), Tsouras (secretary general of the Ministry of Interior), Giotas (deputy minister), Patsilinakos (director general of the school buildings organization), Fotiou (deputy), Dimitrakopoulos (deputy), Asimakopoulos (secretary general of the Ministry of Justice), Salamalikis (deputy), Amalos (DEI /Public Power Corporation/ director), Kedikoglou (deputy), Kafiris (ATE /Agricultural Bank of Greece/ director), Petralias (deputy), Giannoulis (Preveza nomarch), Rokkos (secretary general of the Ministry of Education), Koulouris (secretary general of athletics), Giannakoulis (nomarch), Kalavrytinis (former central committee cadre), Farmakis (nomarch), Adamopoulos (nomarch), Khatzinakis (deputy), Vounatsos (deputy), Polykhronopoulos (secretary general of the Ministry of Industry), Katiniotis (deputy), Loukakis (nomarch), Vasileiou (deputy), Sfyriou (deputy), Tsigaridas (deputy), Georgakopoulos (deputy), Papazoi (nomarch), Synodinou (nomarch), Kharisiou (nomarch), Il. Papadopoulos (nomarch), Kondomaris (nomarch), Metaxas (nomarch), Stratinakis (nomarch) and Theodorou (adviser to the minister of labor).

The Tsokhatzopoulos Group

The following are well-disposed to Minister of Public Works Tsokhatzopoulos: Anna Papamikhail (chairman of the Tax Exempt Goods Company), Papanikas (chairman of Olympic Airlines), Vathis (deputy), Beteniotis (deputy and former deputy director of IKA), Kannavakis (deputy), Basagiannis (deputy), Geitonas (secretary general of the Ministry of Public Works), Kalyviotis (DEP /Public Petroleum Corporation/ chairman), Kolovos (ODDY /expansion unknown/ chairman), Fouras (director general of the national foundation), Katsimbardis (deputy), Bouzbouras (ILPAP /Electric-Powered Buses of the Athens-Piraeus Area/ director general), Papagiannis (deputy minister of public works), Aslanis (deputy minister), Al. Papadopoulos (president of the Thespian Chariot), Akritidis (minister of communications), Dikas (former president of the Salonica municipal council), Moraitis (minister of Commerce), Papageorgiou (OSE /Railways Organization of Greece/ deputy director), Anastasakos (deputy), Mandelis (deputy), Kyratsous (secretary general of the Ministry of Northern Greece), Arseni (nomarch), Levogiannis (deputy), Xythalis (DEP /Public Petroleum Corporation/ vice president), Gaitanidis (central committee member) and Anast. Papadopoulos (deputy).

The Role of Laliotis and G. Papandreou

Messrs Laliotis (deputy minister) and G. Papandreou (deputy and son of the prime minister) have assumed a special role in the party. This role consists in attracting young deputies and cadres of the party and in creating a second "zone" around the leading group.

The following are well-disposed to the Laliotis-G. Papandreou circle: St. Manikas (PASOK youth secretary), Aslanis (deputy minister), Konstandinidis (deputy), Konstandinou (deputy), Serafeimidis (deputy), Kastanidis (deputy), etc.

KKE DERIDES PAPANDREOU STATEMENT ON KKE-'ND' COOPERATION

Athens RIZOSPASTIS in Greek 26 Oct 82 pp 1, 9

[Text] Strange, in fact are the statements made day before yesterday by the premier. His assertion that "the 'New Democracy' in whatever contest between PASOK and the KKE, cast its vote decidedly for the KKE. Between PASOK and KKE," he said, "it chose the KKE and for this reason, I believe that it does not have the right anymore to talk about a popular front." He concluded with the question; "In the end, what does the 'New Democracy' represent on the political map of the country?"

Where was he leading? What conclusions did Mr. Papandreou want to draw? Can anybody forget the public statement of Mr. Averoff that the "ND" will maintain a "neutral" posture where the opponents in the runoffs were candidates supported by the KKE and the PASOK respectively. Can anybody forget that we had municipal and not Chamber of Deputies elections, that it was not the parties that were voting, but the citizens, the people? Can the fact be overlooked that the choice was for mayors, as the premier had after all emphasized a few days earlier? That the choice was also a matter which concerned the voters themselves along with the conservatives and that sometime it must be understood that the great majority of the latter consists of working people and not industrialists? Is it still possible to identify the "New Democracy" with its voters and followers? Where does such logic lead? Why did the government not comment on the fact that a string of PASOK candidates managed to prevail over their communist opponents with the help of conservative voters? Why when these votes went to PASOK everything was fine and "they served the Change," yet where the votes were cast for the communist mayors it was a "strange alliance?" Why two criteria and two standards?

One would still wonder, if he examined what was said by the premier. Where was his oversimplified accusation against the "New Democracy" aimed? Did he perhaps denounce it --and to whom, pray tell--for diminished anti-communism? Perhaps because of lack of constancy? Or was he accusing it of putting into practice, "invisibly" at least, the "popular front?" If we presume that such interpretations of the premier's statements have a certain basis, whom, then, do they serve? Do they serve the subject of popular unity? Do they serve the need of the people, finally to overcome, beyond any differences, whatever anti-communist prejudices they may have had and which hurt the country so much? Do they serve the subject of Change?

In any event, the statements of the premier confuse the real situation. They give

the impression of being an indirect reproach. The government has the duty to examine soberly and in greater depth the electoral results. It should not be satisfied with superficial and propaganda oriented evaluations. It is not the first time that conservative voters throw their weight behind communist mayors. This "phenomenon" was observed, for instance, to a great extent in the previous municipal elections under similar circumstances. This fact indicates other things. It indicates that anti-communism does not filter down to the people beyond the political line-ups, that the policy which divides the people artificially does not look out for the common interests, but only the political beliefs; that the people, even the conservative citizens, are not afraid of the "popular front" and recognize the constancy, the persistence and the boldness of the communists in defense of the people's interests. What else did the vast trust of the citizens in the alliance of the wide democratic forces perhaps show when and where this took place? The government should not stop at the easy characterizations about "turning green." It must see the need and the effectiveness of the alliance to perceive the depth of the readjustments which it can make in favor of a wider popular unity and change. This is a priceless lesson and the preeminent message of the municipal elections, which government officials should weigh carefully.

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CSO: 3521/60

RENEWED IMPORTANCE OF 'ND' IN POLITICAL FIELD PRAISED

Athens I KATHIMERINI in Greek 26 Oct 82 p 1

[Text] "Nothing New at the Front." With this title one could use a metaphor to describe the results of the municipal elections runoffs. From the moment the PASOK-KKE allied front became operative before the elections, the outcome to the runoff elections was essentially laid out beforehand. Nothing new then... with regard to the expected results which were "mathematically" exact, despite the anxiety with which they were announced, analyzed and down-played on color television--that is, "green..." [PASOK's color].

There is, after all, something new! From somewhere else, though. From the front of "New Democracy." Not exactly the one which, according to Mr. Papandreou... coalesced the party of Mr. Averoff with the dogma of Mr. Florakis! The news is the quantitative increase of votes cast regionally and generally by votes outside the allied front of PASOK-KKE.

More specifically, the percentages obtained (not elected...beforehand) by Mr. Tzanetakakis in Athens and Mr. Kouvelas in Salonica and others in other urban centers, show a significantly indicative political cross-over of voters, a most interesting development which needs to be studied and carefully examined. A cross-over which does not elect mayors, to be sure, but expresses most probably the beginning of a disentanglement from justified concerns.

The premier and his staff and their people are justified in celebrating the results of the elections. The great majority of the mayors elected were theirs (and "theirs"). This, after all, was the objective of the governing movement, to "color the map of new Greece green," as Mr. Papandreou said with his usual ease on television on Sunday evening.

Something escaped the premier's attention though while he was touching on the matter of colors, and that is, that the map has already turned...red. It is the old story of the green watermelon that when cut shows its red contents. Urban centers such as Patrai and Khania confirm the truth of the parable.

If we were to remain in the political color spectrum, which the premier is so happily using, then we are afraid that he must study, after the drum-beating for public consumption, with his political vision, a third color... Let's say azure. The one that was indicated by the increased percentages of votes by the "non-allied"

part of the voters. From among this wide area of voters, whose votes were the result of personal political choice, surely, many votes were won back by the "New Democracy."

Because we do not doubt the width of the political vision and insight of the leader of the governing movement, then perhaps this fact justifies his nervousness on television day before yesterday, which even his well-known familiarity with the camera could not cover up. It became plainly visible when he called on the "New Democracy" and its leader..."to show us finally which is the role of this party on the political map of the country..."

When a political leader sings paeans to his electoral successes, he naturally has no time or reason to be concerned about the problems of the opposition party... At a time of his own victory he is not worried about what others are going to do... That "at last" of the premier's intimates, in all probability, as an evaluation, the beginning of a new rise in a popular confrontation of the line-up which represents, in Greece, the stability of urban democracy.

This is the news from the the "front" of the last elections. This is the concern which confronted the premier and worried him on a day of electoral joy for his movement and the "other political forces" which, according to the television inventiveness of day before yesterday's broadcast, were allied with him.

Therefore the role the non-green, non-red line-up plays was shown by the increased percentages of votes which it gained day before yesterday on the political map of the country. This is the most recent edition of the political map of our country, available since day before yesterday. Surely this is most revealingly eloquent.

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DEMOCRATIC, NON-PARTISAN CHARACTER OF ELECTIONS HAILED

Athens ELEVTHERTOTYPIA in Greek 26 Oct 82 p 1

[Text] At first glance "strange" things happened Sunday during the municipal and township runoff elections, based until now, on the political habits of decades.

Voters who during the primaries voted for the "New Democracy" preferred the KKE candidate during the runoffs. Kania is a classical example where Mr. Katsanevakis of the KKE jumped, with the support of the voters of the Right, from 24.32 percent during the primaries, to 55.31 percent during the runoffs.

Voters, who in the primaries had voted for the KKE, were divided during the runoffs between PASOK and the Right as happened in Nea Smyrni where the 5,000 votes of Mrs. Iakovaki were split between Mbekhlivanidis [KKE(Int)-PASOK] and Mr. Siotropos ("NEW Democracy") with the result that they showed an almost equal increase in votes.

Elsewhere, "New Democracy" voters, elected PASOK candidates as opposed to KKE candidates. A typical example is the municipality of Peristeri. Of the 13,862 votes of the rightist candidate, 7,500 were cast for the PASOK candidate and 3,000 for the KKE candidate.

Voters of the PASOK alliance were divided during the runoffs between the candidates of KKE and "ND," as at Evosmos Thessalonikis.

What happened then? Simply, the Greeks voted free from the ties of the past, free from the complexes which the Right had been cultivating for decades. On the other hand, in many instances they voted for communists at the exhortation of the leadership of the "ND" as stated by Andreas Papandreou.

Leftists voted for rightists and rightists voted for communists or socialists. The myths of the "fronts" were dispelled, the boogymen of the "front" does not carry any weight in the shaping of the citizen's opinion.

Naturally, there was an all-leftist front opposed to the junta in Piraeus or Ilioupolis. However, even there those who voted for certain candidates did not vote according to their political alliance.

The voters, in the last analysis, acted correctly. None of the political parties of the Greek Chamber of Deputies is "cholera-stricken" and, therefore, needs to be

quarantined. No officials of any legal political line-up are "suspect" and hence to be disapproved solely because of their orientation.

The people acted democratically. Rightists, leftists and centrists together gave 83.5 percent of the vote to the PASOK candidate in Kos, 75 percent to the KKE candidate in Nikaia and 100 percent in Andritsaina. Without abandoning their political position, they chose the most able candidates according to their judgment.

This is one more victory for the Change, a victory of the National Reconciliation policy, planned by Andreas Papanireu. For the rightists to recognize and freely reward the worth of the communists or the socialists and vice-versa is an additional victory for the Change.

After the hatred of the internecine war, the internecine war laws and the sterile disavowal of the Resistance, the boogymen of the "front" is laid to rest under the gravemarker of history. The boogymen had been recalled to service by the press and leadership of the Right, but was shunned by his own followers.

On the other hand, beyond the sloganeering, even the "ND" leadership was actually obliged to abandon its posture regarding the "front" and to use it itself in certain instances. Let it stop using the "front." Times have changed.

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PASOK SEARCH FOR ADVERSARIES COMMENTED ON

Athens RIZOSPATIS in Greek 27 Oct 82 p 2

[Text] One question remains open and unanswered: Whom does the premier and the government party consider their enemy and adversary? This question was asked by the entire electoral strategy of PASOK in the municipal elections, but in an even more disturbing way, by the statements of the premier on Sunday night. The premier accused the "ND" of casting more votes for KKE coalitions. Where, then, is the evil, according to the premier? In the fact that conservative voters, who are also workers and do not identify with the party of the Right, voted in many instances for communist mayors? Since when is it evil for conservative voters to cross-over to the Left? Since when does the eradication of anti-communist psychoses damage the smoothness of the democratic process? Therefore, there is nothing reprehensible on this side. Perhaps the premier wished to make accusations against the "ND" for concessions made to KKE, for the dulling of its anti-communism, for the breach of some unsigned contract to isolate and sidetrack the communists? Actually, an explanation is due, especially for the militants of PASOK, who for seven years fought, along with the communists, the policy of the Right. Even while certain temporary impressions and sensationalist repercussions last, they have no reason to fear the fact that conservative votes have broken the anti-communist barriers. On the contrary, they have every reason to be glad. However, they also have every reason to be sad because a wrong choice made by the PASOK leadership pitted the democratic forces in certain municipalities against each other. From this they can draw their conclusions. Does the leadership of PASOK and the government share them or not?

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STEADILY WORSENING NATIONAL SITUATION SCORED

Athens AKROPOLIS in Greek 17 Nov 82 pp 1, 7

/Editorial: "Until When?"

/Text/ The smog cloud is thickening. Not only over Athens but it is covering all of Greece. Because it is not only "photochemical" in nature. It is also economic, administrative and national in nature. It is a universal smog cloud. The cloud of chaos.

In Athens, the transportation system is in complete disarray. Millions of people are tormented as if living in a city on a war footing or under occupation. Those living within the center of the city are like those under siege. Those living outside the "walls" erected by Minister of Environment Tritsis find it impossible to get to their places of work inside them. The market of the blocked off center is withering.

However, is it perhaps that alone? The streets and boulevards are becoming impassable because of the potholes, crevices and ditches. Telephones are working less and less and more defectively. Telegrams never reach their destination. Letters are lost. Garbage is piling up. A nation breaking down.

The public welfare organizations are being converted into public highway robbery ones, with unbelievable accounts and absurd "mistakes" to the detriment of the consumers. The public services, decimated by transfers and dismissals and burdened by the entry of the green guards, are not operating. Bureaucracy is growing rampant. The same holds true for highhandedness. And, of course, for higher prices. Also for criminality which is assuming proportions unheard of in Greece.

The economy is ailing. Freighters are tied up. Unemployment is rapidly increasing. New taxes are coming up. Wage increases for 1983 are not going to be given. Deficits are growing. The IKA /Social Insurance Foundation/ is going bankrupt. So is Olympic Airlines. Also the DEI /Public Power Corporation/. And the OTE /Greek Telecommunications Organization/. The OSE /Railways Organization of Greece/ too. The drachma is being scattered to the winds.

Strikes. Marches. Demonstrations. Breakdown in schools. Also in the state apparatus. In the government too. And within its party. "Cuts." And dismissals.

And within this state of chaos, blessed, fortunate and credulous are those green-red and impudent types who aspire to distinguish themselves as washers "of all Greek brains," who parade their unmatched wretchedness over ERT /Greek Radio and Television/ 1 and 2, claiming a world record of insolence.

Therefore, a state of chaos. The reason? They are experimenting. Yes, that is what they are doing. The only thing is that they are not chemists. They are the government. And so, instead of inanimate materials, they use us: our jobs, our movement, our property, our nerves, our health. They improvise with the schools, books and souls of our children. They are experimenting with our purchasing power, with our brains, with our standard of living. They are playing with our security and peace. In other words, with our lives. And they are making a mess.

And thus chaos has come about from the highhanded, forced and unorganized experiments of the makeshift magicians. Incoherence prevails everywhere and predominates everything. They walk in the clouds with "visions." And as for us, we suffer. Until when?

5671

CSO: 3521/87

BRIEFS

FORMER POLITICAL DISSIDENTS--All security corps personnel who had been suspended for political reasons between July 1965 and the end of the dictatorship period are to be reinstated. The relevant bill of the Ministry of Public Order that is being presented to parliament within a week provides for the reinstatement and promotion to the grade to which their juniors had been promoted of all those who were discharged, released, dismissed, forced to resign or suspended in any other way for political reasons between 15 July 1965 and 23 July 1974. A condition for their reinstatement into the security corps is the submission of a request to the appropriate command within 60 days of the issuance of the law. /Text/
/Athens EXORMISI TIS KYRIAKIS in Greek 20-21 Nov 82 p 1/ 5671

CSO: 3521/87

BALCI EYES POTENTIAL OF ILTER TURKMEN IN MOSCOW

Istanbul CUMHURİYET in Turkish 30 Nov 82 p 3

[Text] Foreign Minister Ilter Turkmen's visit to the Soviet Union comes at a time of poignant developments in foreign policy.

As is known, Turkmen's visit had been already planned. However, the border incident late this summer that resulted in the martyrdom of two of our privates further cooled relations--which have become stagnant of late--between the two countries and resulted in the postponement of our Foreign Minister's trip.

In one respect, this postponement may have been fortunate since at the time the effects of a rapidly increasing friction in U.S.-Soviet relations were being felt worldwide. Individual overtures of detente made in this strained atmosphere also faced the danger of being lost amidst the general discord.

Now there has occurred a change in the climate compared to a few months ago. In the wake of Leonid Brezhnev's death, a clear rapprochement has been detected in both U.S.-Soviet and Sino-Soviet relations.

Ilter Turkmen's visit comes at a point when the continuation of this rapprochement is being hoped for and when a summit between President Reagan and Yuri Andropov is in the air.

Turkey, whose primary principle in foreign policy is to live in peace based on mutual respect and equality with all its neighbors, has always defended detente and rapprochement. Ankara has given special importance to Turco-Soviet friendship, whose foundations were laid by Ataturk and Lenin. However, certain recent events have thrown friendship and cooperation between the two countries into a period of stagnation. The Soviets' failure to assent to an apology long after our privates were martyred on the frontier and their avoidance in condemning Armenian terrorist attacks against our diplomats definitely have not helped the development of our relations and have triggered an air of distrust to whip up between the two countries. Moreover, news strategically leaked by the U.S. about the Rapid Deployment Force has become an obstacle to dispersing this wind of distrust that has started to blow.

Yet, Turkey and the Soviet Union have many common interests. Turkey may sell Moscow a series of food items ranging from grain, of which the Soviet are in need and a large part of which they are getting from the West, to meat and sugar.

Imports to be received from its neighbor Turkey will be cheaper than those from the U.S., France or even Australia.

On the other hand, Greece's designs to expand its territorial waters in the Aegean greatly concern the Soviet Union as they do Turkey.

Today in Greece the so-called socialist Papandreu government is in power. And this government is doing all it can to cozy-up to the countries of Eastern Europe. But it is impossible to know who will come to power in Athens tomorrow. From this perspective, the fait accomplis that Papandreu plans for the Aegean run as equally afoul of Soviet interests as they do of Turkish interests.

Turkish-Soviet friendship and cooperation is both beneficial for the two countries and an element of stability in our region.

The revival through Ilter Turkmen's visit of this cooperation, that stagnated in Leonid Brezhnev's last years, based upon the principles of mutual respect and equality, will undoubtedly be a positive development.

CSO: 3545/73

ECONOMIZING DIMINISHES STRENGTH OF ARMY

Brussels KNACK in Dutch 3 Nov 82 pp 23-25

[Report by Chris de Stoop: "Everyone Now Has his Treat; The Economizations in the Belgian Army"; passages in slantlines printed in italics.]

[Text] In his sensationalistic book "Europe Defenseless?" former general Robert Close theorized that the Zero Hour of a possible Soviet surprise attack would certainly take place during the weekend when only a limited permanent service is present in the units. At this moment, potential aggressors have a long weekend of /nine days/ to wipe out the Belgian defense line at the inter-German border.

The army won't just /close down/ then as some have claimed, but its combat-readiness in the coming two months will at best be that of the weekend regulation. And those who know what that implies would almost agree with what LIMBURG's INTEREST wrote: "the Belgian army is putting the key under the doormat." That solicits questions as to the /operativeness/ of our army, a term which the Department of Defense usually manipulates, appropriately or not, in pushing through or preventing certain measures.

This entire, rather surprising, plan bears the signature of Chief of Staff Maurice Gijseberg, the brand new commander-in-chief since General Willy Gontier retired last month. A few weeks ago Gijseberg proposed in a note to put our army, under the guise of fuel economization, at a strongly decreased level of activity for a number of periods whereby, "to the extent possible," a few quarters would even be closed.

Specifically this means that a number of holidays still to be observed, which fall during weekends, now have to be taken on 12 November, and 24 and 31 December. Moreover, the personnel is urgently requested to take their still remaining vacation or compensation days during the week of 1 to 5 November and between Christmas and New Year's. Add to that the holidays of 1 and 2 November (All Saints, All Souls) and of 11 and 15 November (Armistice, celebration of the dynasty), and one obtains three nice blocks in which the army may rest: 9 days between 30 October and 8 November, 5 days between 11 November and 16 November, and 9 days between 24 December and 2 January.

The plan leaked out through National Secretary Lucien van den Berghe of the socialist trade union ACOD [General Public Service Worker Union] who

primarily fulminated against the abuse of power of the staff, which now also dictates on which days the personnel must take its vacation. But the department of defense denies that it is a matter of obligatory leave: it is a non-compulsory "request." The nuance between a request by the staff and an obligation in the army is not always very clear, however. Furthermore, if the personnel are not urged to march home as a whole, the economization effect would be practically zero, for one has to use just as much fuel for a hall with three people as for one with twenty.

The concrete details have to be worked out by the chiefs of staff of the various armed forces who continue to be responsible for the combat-readiness of their armed forces unit, and who decide autonomously which barracks and bases can be closed. The first reaction of the politically responsible Minister of Defense Freddy Vreven was an ambiguous, meaningless communiqué in answer to the ACOD-leak. Even on 25 October he wrote Van den Berghe a letter in which he denied the plan, while at that moment concrete instructions for the "leave" were already being handed out at the air force base of Bierset.

All of that created the impression that this was the umpteenth clash between political and military authorities. One may still remember the incidents surrounding the now-retired chief of staff Gontier, first with his missile statement in Spain, from which the government hastily had to disassociate itself at the time, and afterwards with his plan to close the Cadet School, which also had to be denied that same day by Minister of Defense Vreven.

This time Vreven reacted only last Friday, thus the day before the "long leave" was to start, with a very obscure statement which in fact came down to the ACOD-report being largely correct, even though the army did not "close down," and even though the leave supposedly was not obligatory. But the impression had been created that the General Staff had confronted him with accomplished facts which he then had to agree to after the fact.

Van den Berghe was completely wrong, however, with his claim that Belgium would also withdraw from NATO's supra-national warning system during those periods. Our army is linked into the NATO warning system, in which each nation can sound the alarm at any moment, even for the practices which take place a few times a year. Roughly this means that permanently, 365 days out of 365, at all echelons of the army -- battalion, brigade, division, and corps -- a /"guard officer"/ and an /"informed officer"/ must be present, who are accommodated there in a room. The latter is empowered, in case of an alarm, to open a box which contains further directives. This activates an entire alarm system, so that the battalions will be combat-ready roughly in two hours (the reconnaissance troops in half an hour) and can then leave the barracks. The entire system is also being maintained during the coming "leave period," we have been informed by higher defense circles, and certainly at the missile bases, where one is combat-ready 24 hours out of 24 to launch missiles.

The system will, however, function only at the weekend-level, and that means that a maximum of /50 percent/ of the men are available to be called up in a diameter of 20 kilometers around the barracks. A good part of that 50 percent, however, is never to be found at such moments. The weekend regulation thus means in any event that the strike force of our army has been reduced to at least half.

Thus one is aspiring to close a number of large complexes: barracks, logistic depots, and especially training centers such as the Infantry School. What happens with conscripts also depends on the respective chiefs of staff, but the possibility exists of giving soldiers extra leave also -- if, for example, only a few remain in a barrack. Those who remain behind will in any event have a heated place at their disposal in which to fulfill their normal functions, which causes doubt about the economization effect.

Vreven himself calls it an experiment whose result cannot be predicted. Chamber SP [Socialist Party] parliamentary group leader Louis Tobback further remarks in that context that it is not the barracks which consume the greatest amount of fuel: the fuel of one flight of an F-16 would suffice to heat all the barracks in the country for a number of hours. For that matter, last week VU [People's Union] Member of the Chamber Jan Verniers even submitted a bill not to purchase any more airplanes and to let our pilots be trained by the NATO allies, which would be a more drastic saving.

On the other hand, the impression also exists that the entire plan could be a stunt of the top administrators of Defense. The minister shortly has to take his budget to the chamber and the senate, and in this manner he can prove there that he tried his best to economize. It looks as if lately the financial problems of the army have been pushed a little to extremes, so that a certain climate is being created of "if our boys can no longer be given heating now ..."

By stretching certain situations to the absurd, a reaction can be aroused to still give more breathing space in the defense budget. In that sense the "leave" of this week could be seen more readily as a /strike/ by which the country is being psychologically threatened, rather than as an economization.

This past summer our brand new F-16's had to stay on the ground because there was no more money for fuel. In the recent Cross Eifel maneuvers, the poor soldiers had to leave behind the few vehicles that were there and continue on foot because their fuel allotment of 1000 cubic meters had been used up. They had to /feign/ they were firing with cannons, which however had remained in the barn. One may also remember the image of chilled and soaking wet soldiers for whom a raincoat could not even be purchased.

Vreven himself, appropriately or not, continues to grumble about his army which "is almost bankrupt," as he insinuated even recently in a speech at the military school. His personnel are underpaid, the conscripts have no morale left. Instead of 60 days of field training and 240 flight hours, as NATO standards prescribe, our soldiers make do with 24 days and 150 flight hours, etc.

A few weeks ago the minister of defense, with a lot of hoopla, installed a type of "suggestion box" through which he invited the enlisted men to make constructive economization suggestions and to report squandering anonymously, with a bounty as a reward. The soldiers are further being pestered with piddling economizations, such as elimination of the movie pass in the FRG. The conscripts now have to pay for their own shoepolish there; no uniform can be afforded for pregnant women, etc.

All this creates an image of: we do our best and try to economize like everyone else, but it really won't do. After everyone, with a lump in the throat, had seen the drenched soldiers, it was suddenly announced last week, however, that the army would purchase a load of impermeable ponchos.

The fact that billions-consuming prestige investments are being made while the men are being badgered about all sorts of small matters must however have a very crippling effect on morale. Just like 12 years ago, conscripts still have to make do with a pay of 75 francs the first 6 months and 100 in subsequent months, a sum which has never been indexed and thus was worth a lot more a decade ago than now. The salaried professional volunteers and lower officers are indeed underpaid and, moreover, still have to settle with the 40-hour work week. Trade unions have been demanding for a long time already that the 38-hour work week be applied in the army like elsewhere in the public service.

The army executive is rigid in that respect: "We are strongly applying the brakes to halt the 38-hour week," which according to them would completely undermine the operativeness of the army. Further one keeps insisting that the unions ought not to demand anything, that the laws which so many years ago provided for a syndical statute are still not being carried out, and that Vreven is willing to ask for their advice but will never negotiate with them.

Even the 40-hour work week, introduced in 1975, could barely be sustained in the army, which is troubled by an enormous problem of overtime. It is simply impossible to compensate in money or time for those many extra hours. Now they are being bought off with ridiculous compensations of 100 or 200 francs /per day/ overtime, or by giving the personnel a number of make-up hours, but the latter cannot be sustained either.

But let's assume that the 38-hour week will be applied. The department of defense calculates that this -- if one continues to work 40 hours, but if the extra 2 hours are paid -- would result in an additional cost of 1½ billion francs. Or the price of a couple of F-16's! It is being emphasized that already now 50 percent of the defense budget (88 billion) goes to the personnel sector, while in other NATO countries that is said to be an average of only 41 percent, so that nothing can be added to that. The investment package certainly can no longer be nibbled at, especially since the original 10-year plan has already visibly diminished.

Thus the personnel certainly cannot count on a change for the better. On the contrary, on 19 October Minister Vreven informed the unions of his plan to economize 700 billion on wages and compensations, which will be added to the other moderating measures being considered for the public service. Perhaps it would be better to cut into the fattest segments of our army, such as the overpopulated staffs and certain services such as Cedisca. But the highly necessary restructuring of the continually more cumbersome and bureaucratic apparatus is not imminent for the time being. For that matter, Vreven's plans to increase the army service is no longer being discussed either at the department of defense.

Socialist Parliamentary Group Leader Tobback is of the opinion that the army has driven itself into a financial impasse through the prestige-purchases which are to be blamed on mutual feuds between the various armed forces, in which each one

in turn had to get his treat. The navy got frigates; the air force, F-16's; the army, armored vehicles; the medical service, the new Neder-Over-Heembeek hospital which cost billions; but the common soldier for the time being has to be content with a poncho to put over his smoke-vest.

Last Thursday Tobback asked Vreven a question about the compensation leave which barely received an answer. According to Tobback, economization measures of such a scope are a political matter, and the General Staff leapfrogged the authorized politicians. Tobback pointed out further that recently the general of the National Guard also had been taking public positions, which really wasn't proper. Vreven could support him in that regard, for he said that he lamented the fact that higher officers make public statements.

However it may be, the Belgian defense zone will certainly not be the strongest link in the NATO dispositive at the inter-German border in the coming two months. To quote from a speech by Paul van Vliet: "The enemy will be told: 'Please do not attack between Friday evening 5:00 pm and Monday morning 8:00 am since no resistance of any significance can be counted on then.'" Only, this time it is not a matter of a weekend but of a period of 9 days.

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CSO: 3614/18

STRAP-DOWN GUIDANCE FOR TORPEDOS BEING DEVELOPED

Paris ELECTRONIQUE ACTUALITES in French Nov 82 pp 1, 14

[Article by GB: "The First French Operational 'Strap-Down' Power-Plant Program for the SFIM (Measuring-Instruments Manufacturing Co)"]

[Excerpts] The first French operational program making use of an inertial power plant with connected components ("strap-down") has just entered its development phase. Within the framework of a call for bids by the Saint-Tropez Naval Construction and Weaponry Establishment, the SFIM has just been picked for development of the "Capitole" guidance-piloting power plant intended for the future generation of French torpedoes that is to go into service at the end of the decade. To our knowledge, this program represents the first European application of this technique to operational missiles.

The Capitole power plant is derived from the SIL [expansion unknown] range of connected-component systems that the SFIM has been designing since 1974; it is organized around an inertial reference using the GAM [expansion unknown] family of tuned-rotor gyroscopes, associated with specialized digital computing elements.

In the case of the new French torpedoes, the advantages of this approach relate especially to sturdiness (the flotation mechanics of the conventional platforms is totally eliminated except for the ball bearings used by the gyroscopes) and the resulting sizable reduction of costs.

The SFIM is taking on the job of a part of the functions of navigation and piloting management of the torpedoes. Series production, which will amount to several hundred items, will begin before the end of the decade.

This decision comes at a time when the official services (STET [expansion unknown]) have also assigned to the SFIM a feasibility study on use of connected-component power plants in the future air-to-air and ground-to-air missile programs. The SFIM is also designing a connected-component inertial system for the ANS [Anti-Ship Supersonic Missiles] developed by Aerospatiale in collaboration with MBB [Messerschmitt-Bolkow-Blohm]. Finally, the SFIM is proposing a connected-component configuration for measurement of the aiming movements of the Didon naval-target designator developed by Thomson-CSF [General Radio Co].

11267

CSO: 3519/124

DASSAULT UNVEILS NEW MIRAGE PROGRAM

Paris LES ECHOS in French 5 Nov 82 p 10

[Article by Jacques Morisset: "Dassault Pulls a New Mirage Out of Its Hat"]

[Text] A new prototype, designed and built with exemplary discretion, is to begin its flight tests at Dassault in Istres at the end of December: the Mirage III NG (New Generation). It is a combat plane derived from the current Mirage III (which is still on the production line, though its days are numbered in view of the Mirage F-1 and the Mirage 2000) and benefiting from the following improvements:

--The engine is a bit more powerful: the Atar-9C from SNECMA [National Aircraft Engine Design and Construction Co] (6.8 tons of thrust) is replaced by a 7.2-ton Atar 9K-50, an engine already mounted on the Mirage F-1 and another version of the Mirage III, the Mirage 50. In this regard, the "NG" represents only a new use of an already existing solution.

--The wing is modified at the socket, and two small whiskers are added at the level of the air intakes. The purpose of the operation: to improve the airplane's behavior at steep angles, and to destabilize the machine so as to make it more maneuverable.

--Corollarily, the plane is getting electrical-transmission flight controls derived directly from those of the Mirage 2000. These controls are necessary in order for the pilot to be able to control the airplane when it is purposely made relatively unstable; furthermore, their effectiveness, speed of action and flexibility give the plane a far more comfortable general behavior, practically independent of loads (extra tanks, missiles, bombs) attached under the wings in function of the missions required.

--The equipment is modernized and derived partly from that of the Mirage F-1 and the Mirage 2000. The navigation and attack systems and the search and electronic-countermeasures systems also make use of those two airplanes. The radar is that of the Mirage F-1 (Cyrano IV from Thomson-CSF [General Radio Co]).

The Mirage III NG operation has been carried out with astonishing speed: launched in April 1981, it first went through a design and wind-tunnel testing phase, then into flight, using a Mirage-50 prototype whose aerodynamics were

modified in only 6 weeks. This Mirage 50K flew on 27 May 1981, a few days before the Le Bourget Exposition; but the secret was kept well.

For Dassault, the purpose is obviously to offer to the roughly 20 countries using the Mirage III, Mirage 5 or Mirage 50 an airplane of the same family but with definitely higher performance characteristics, more maneuverable, and especially, easier to pilot (for landing in particular, the Mirage III requires training adapted to its delta formula). Certain countries using the Mirage III are hesitating to buy the totally new Mirage 2000; the Mirage III NG therefore appears as an intermediate plane, keeping the purchaser from having to start from square 1 again as regards the expensive environment of a combat plane (spare parts, materiel for service and readying for use, training of maintenance crews, etc). This would in a way reassure the customer.

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CSO: 3519/115

ANTISHIP MISSILE AS-15TT TESTED EXTENSIVELY

Paris LES ECHOS in French 3 Nov 82 p 11

[Article: "Conclusive Testing of a French Missile Designed by the SNIAS (National Industrial Aerospace Co [Aerospatiale]): the AS-15TT"]

[Text] The Tactical-Missiles Division of Aerospatiale has carried out tests of complete AS-15TT (all-weather) missiles from the Mediterranean Testing Center on Ile du Levant.

The AS-15TT is a search and attack weapon system for use against surface vessels. Far more elaborate than the Exocet, it offers an operational search and detection capacity by means of its electronic equipment--in particular, the Agron 15 radar from Thomson-CSF [General Radio Co]. The AS-15TT weapon system is shortly to be fitted as armament on the Super Puma helicopters of the French Naval Air Force. But a big order for it has also come from Saudi Arabia, within the framework of the Sawari contract signed by the two countries in October 1980. It involves the supplying of four 2,000-ton frigates, two squadron refuelling ships, and 24 Dauphin helicopters, including 20 for antisubmarine purposes, that will be equipped with the AS-15TT. France is to provide for the training of the crews and the logistical-support and maintenance personnel. The Sawari contract will be spread over 6 years, and the first of the 2,000-ton frigates will undergo its trials in January 1984.

The principal industrial concerns involved in this very sizable military order are the DTCN (Technical Directorate for Naval Construction), Aerospatiale-MATRA [Mechanics, Aviation and Traction Co], Thomson-CSF, and the La Ciotat and La Seyne-sur-Mer shipyards.

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CSO: 3519/115

BRIEFS

NEW ANTISUBMARINE TORPEDO--The minister of defense has just decided on the designing of a new antisubmarine torpedo. It is to replace the American MK-44 and MK-46 torpedoes that have been in service in the Naval Air Force for many years. This new light torpedo will arm the Atalantic G patrol planes and the helicopters carried on board ship. This program is to spread over 15 years, including manufacture, and provide work for 1,000 persons. It has been assigned--including manufacture--to the Technical Directorate for Naval Construction (DTCN), which has given the industrial prime contractorship to the ECAN [Naval Arms and Construction Establishment] of Saint-Tropez, the only establishment in France specializing in the design and manufacture of torpedoes. [Text] [Paris LES ECHOS in French 3 Nov 82 p 11] 11267

SINTRA SONAR FOR NAVY--After tests carried out on board the experimentation ship "Agenais" since January 1981, the Submarine Detection Department of Sintra Alcatel announces that it has just obtained an "important contract" from the French Navy for the creation of a new generation of passive sonars. This family, it is indicated at Sintra, will express "an evolution that is very significant for the future of antisubmarine warfare by surface vessels and submarines." Unfortunately, the usual "Confidential--Defense" restrictions prevent us from knowing more. [Text] [Paris ELECTRONIQUE ACTUALITES in French 29 Oct 82 p 9] 11267

CSO: 3519/124

DEFENSE MINISTER SEES POSSIBLE CUTS, BUT THINKS JAS IS SAFE

Stockholm SVENSKA DAGBLADET in Swedish 5 Nov 82 p 6

[Article by Erik Liden]

[Text] "It is highly unlikely that we will change parliament's decision on the JAS. A review of the aircraft project will be complete before the budget proposal is made in January 1983."

This was stated by Defense Minister Borje Andersson (Social Democrat) when he spoke to 22 members of the military staff's Social Democratic Association in Stockholm last Thursday evening.

He also reported that the government was planning to cut 75 to 100 million kronor from the overall defense budget of 20 billion kronor for 1983/1984.

"Parliament was nearly unanimous in its approval of the defense proposal last June. For this reason, there is no room for major cutbacks in a well-balanced resolution," Borje Andersson said.

On the aircraft question, on which an army officer commented that attack planes would not be needed in the future, Andersson said that it was much too early to talk about such major changes in the JAS project.

"Talking about replacing attack planes with other weapons is nothing new, but I have no idea whether that would save money while maintaining defense capabilities. Perhaps the oversight committee led by undersecretary Per Borg can examine this problem."

Borje Andersson also promised that the government would consider forming a single central military staff in Stockholm under the commander in chief, increasing civilian influence in the military, prioritizing the needs of civil defense, and upholding the principle of universal military service.

9336

CSO: 3650/42

MINISTRY: NO COMPENSATION FOR DEVALUATION IN DEFENSE BUDGET

Stockholm SVENSKA DAGBLADET in Swedish 5 Nov 82 p 6

[Article by Lars Christiansson]

[Text] The military could lose about 800 million kronor because of the devaluation. The Finance Ministry has stated that no compensation will be made for the effects of the devaluation. Defense Minister Borje Andersson has demanded full compensation. If he loses the battle with the Finance Ministry, the 1982 defense resolution will suffer a serious setback.

The direct effects of the devaluation, if no compensation is made, will mean increased costs of 300 to 400 million kronor on the materiel side alone. But the devaluation will have indirect effects on other aspects of the military, as well. Insiders believe that these effects will be just as great.

According to the defense resolution, the commander in chief would receive about 17 billion kronor for the next fiscal year. Most of the money will be used for fixed expenditures. In recent years, the military has undergone a severe rationalization. Sources within the Defense Ministry see no other way to make additional cutbacks than to reduce the flexible portions of the appropriations. This means cutting back either on reserve training or on materiel purchases.

Military plans include the purchase of new radar stations, Bassystem 90, antiaircraft missiles, the renovation of tanks, and additional mechanization of the army. Surface attack capabilities also will be improved in connection with the antisubmarine operations. Antitank helicopters and minesweepers also are among the planned purchases. Previous purchases also will be supplemented, for example the Viggen.

Severe Blow

Since a reduction in the real amount of available funds must result in less reserve training or fewer materiel purchases, lost compensation for price rises due to the devaluation and to higher inflation rates would be a severe blow to our defense capabilities. Training less, not making planned purchases,

or possibly a combination of the two is the only alternative remaining for the commander in chief if the Finance Ministry sticks to its decision.

Experts with whom SVENSKA DAGBLADET spoke also warned of the delayed effects of not compensating the military for price rises, in accordance with resolutions unanimously supported in parliament by the four large parliamentary parties.

"Never before in history has compensation for price rises been withheld from the military. The effects will remain and have a negative impact even in the years to come. This, in turn, will mean that it will be impossible for the military to make planned purchases for many years."

JAS May Be Affected

The JAS project also may be affected, since these contracts contain a ceiling for compensation resulting from alterations in the exchange rate and higher inflation.

Recently, Defense Minister Borje Andersson was asked in parliament whether the defense budget would remain the same under the new government. His answer was affirmative.

Now, it remains to be seen whether or not the Defense Ministry will succeed in this objective during the budget negotiations.

9336

CSO: 3650/42

NAVY ACQUIRING NEW ORDNANCE TO COMBAT SUB INTRUSIONS

Stockholm SVENSKA DAGBLADET in Swedish 2 Nov 82 p 8

[Article by Erik Liden]

[Text] As early as next spring, measures will be taken to improve antisubmarine operations. At that time, the navy will receive incident torpedoes, small depth charges, and the "Malin" which is attached to submarine hulls and transmits radio signals. Airplanes with infrared cameras and lasers will be added later in 1983.

This was announced on Monday when commander in chief of the navy Per Rudberg helped celebrate the 25th anniversary of the Berga helicopter division.

At the same time, a simulator unit was dedicated with which sonar personnel will train using recorded sounds from various regions of the archipelago. With the new high-frequency sonar, helicopters will be able to chart in detail the ocean floor in sensitive waters.

In case of a real submarine incident, the sonar readings can be compared to the background readings. In this way, it will be much easier for personnel to detect a submarine hiding underwater.

New Underwater Detectors

The surveillance planes the navy hopes to receive in 1983 will be leased for antisubmarine operations. The equipment, on the other hand, will belong to the navy, including IR cameras and lidar equipment being developed by FOA (Defense Research Institute). This equipment can be used to locate submarines over 30 meters deep with good precision. New underwater detectors also will be used.

"Finally, something is happening in this sadly neglected area," Per Rudberg told the personnel and former employees of the helicopter division. Many doubters now have come to understand the important role helicopters play in antisubmarine operations. They understand the necessity of improving our ability to detect submarines and to act.

Still Searching

In 1983 three more of the navy's 10 helicopters will receive modern navigating and sonar equipment. Eventually, new helicopters will be purchased. Some will be stationed in southern Sweden in order to react rapidly against submarines that violate territorial waters in the southern Baltic Sea.

During the anniversary celebrations, at which nine helicopters were demonstrated on Berga, the search for submarines continued at Harsfjarden and Mysingen.

The barriers remain in place and the Malsten mine battery is open. The submarine commission under Sven Andersson will visit the battery on Tuesday when it visits Berga to give the members their first training in antisubmarine operations. The naval reconnaissance center on Musko also will be visited.

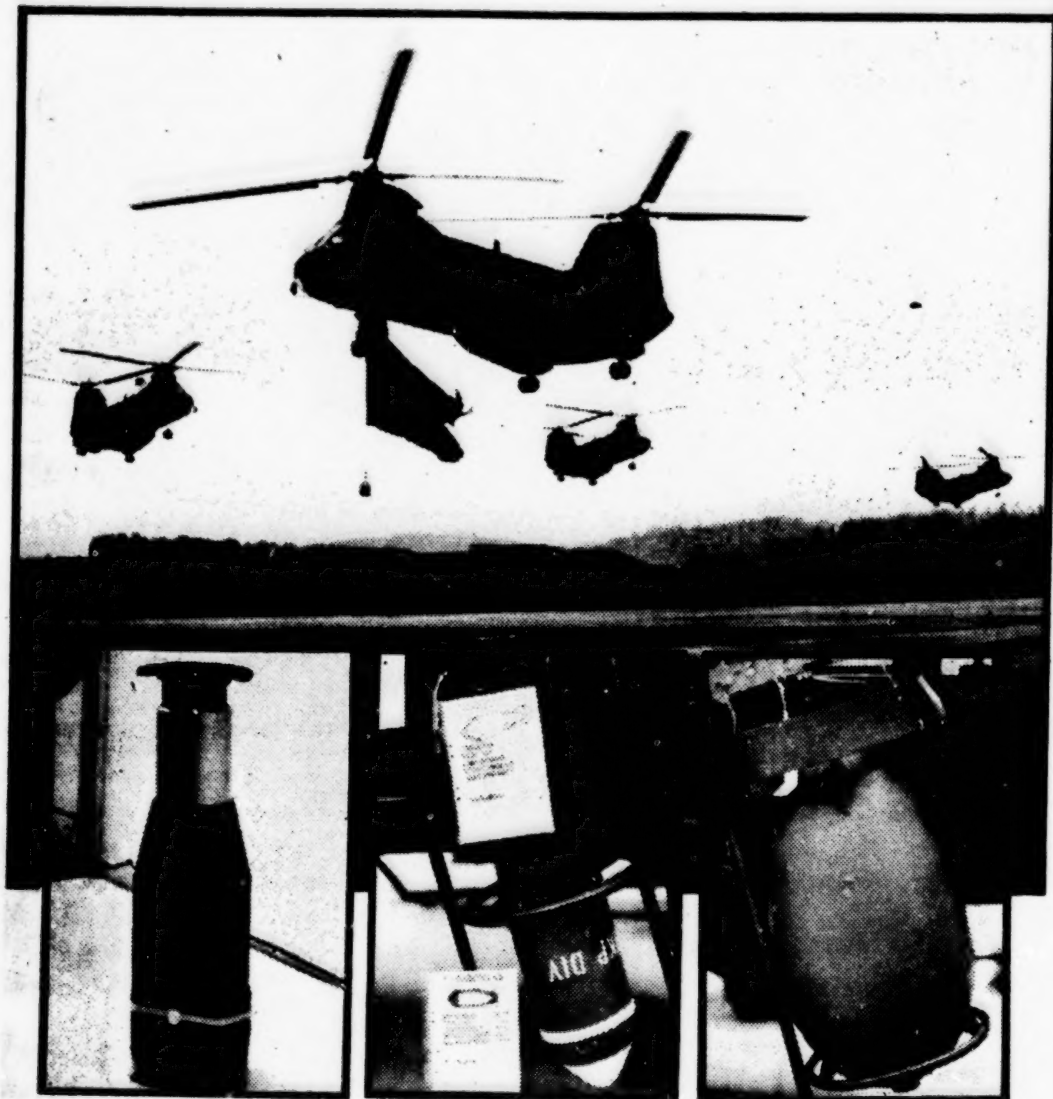
Various reports from the region have been investigated this past week by helicopters and ships, but air bubbles and other signs have failed to result in any contact with foreign submarines. The search continues in Harsfjarden and Mysingen to make sure no unidentified objects remain in the area.

Per Rudberg also was critical of all the studies undertaken during the past 14 years to determine what type of helicopter organization was most suitable.

"These studies have been unique and the best thing that can be said is that we managed to survive and may come out of the battle stronger than before."

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More helicopters, the Malin transmitter, and several types of depth charges are some of the results of increased allocations to the navy, following more and more flagrant violations of our territorial waters by submarines since 1980.

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